STUDY PROJECT

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7 JUNE 1976

AN ANALYSIS OF THE DEPARTMENT OF DEFENSE STRATEGIC MANAGEMENT PROCESS

BY

LIEUTENANT COLONEL GARY P. GRAVES
ARMOR

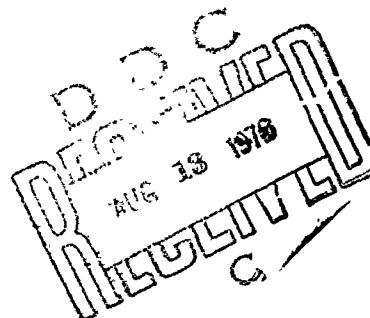US ARMY WAR COLLEGE, CARLISLE BARRACKS, PA 17013

USAWC MILITARY STUDIES PROGRAM PAPER

AN ANALYSIS OF THE DEPARTMENT OF DEFENSE
STRATEGIC MANAGEMENT PROCESS

INDIVIDUAL STUDY PROJECT

by

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Carlisle Barracks, Pennsylvania 17013
7 June 1976

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This study examines the factors which impact on the top level management processes within the Department of Defense. The information presented is based on readings, studies, interviews, questionnaires, and lectures. A review of relevant management theory, an outline of the formal Defense management process, and a presentation and analysis of data regarding the actual process make up the body of the paper. Due to the broad scope of the subject, the conclusions take the form of working hypotheses. The study then

recommends specific areas for further study. Among the primary hypotheses are a lack of effective long-range and contingency planning, an absence of an articulated and perceived code of value standards, and an adversary relationship between key participants which short-circuits rational decision-making. Recommendations for further study include creating a specific staff function for planning, eliminating the Service Secretariates, revising the Joint Strategic Planning System, an immediate direct role by the top executives to streamline and sanitize the organization, and establishment of a firm set of value standards.

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CHAPTER I

INTRODUCTION

PURPOSE

The purpose of this study is to analyze the Department of
Defense's strategic management process with primary attention toward
those factors which set the tone for the organization. Specifically,
I intend to investigate the credibility of the value base, the fac-
tors which influence managerial behavior, and the organizational
structure which furnishes the information used in the planning and
decisionmaking process. Mr. Schlesinger, in his farewell address,
challenged the Armed Forces at the heart of the institutional
integrity which is derived from a viable management process:[1]

> Today, along with some serious thought, there is
> a widespread picking at our national institutions:
> government, industry, unions--the Armed Forces. A
> national mood of skepticism has gone too far. While
> a judicious skepticism indeed is always necessary, a
> mood of undiluted skepticism forces concentration on
> the inconsequential and ignores the permanent and
> the valuable. Institutions are indispensible; they
> organize men for common purposes. Without them we
> would have unproductive conflict and no pooling of
> effort.
>
> This larger social vision bears on the health of
> the nation's Armed Forces. No institution, no
> more than any nation or man, can live by bread
> alone. Unless we articulately redefine our
> values, identifying those we are prepared to
> fight for, the health of the nation's military
> force will ultimately suffer.

JUSTIFICATION

Although the Armed Forces is not currently receiving the
notoriety in the same sense as Gulf Oil, Lockheed Corporation, the
CIA, the FBI, or even the Executive Branch of our government, we
should not get a feeling of false security. The period is probably
a reflection of the cyclic nature of national priorities. Since the
Department of Defense accounts for over one-quarter of the Federal
budget it is always subject to scrutiny, not only as a source of
funds for more attractive programs, but for the philosophy and effi-
ciency which determine how it uses the funds which have been
allocated.

The questions that come to my mind in regard to this study are:
(1) Does the Department of Defense have a value and goal structure
which is clearly identifiable, understood throughout the organization,
and monitored so as to guide actions and preclude corruption? (2)
Does the management process surface the proper information to the
decisionmaker so that he can take the best action; both for the
immediate situation and for establishing flexible, longer range
policy planning goals? (3) Just what part do people play in the
process? Are outside environmental pressures, personal styles, and
informal relationships accounted for in the management equation?

Examples of deficiencies in the Armed Forces which suggest the
justification for the study are defense personnel being hosted by
industrialists; a lack of civilian/military loyalty to their
organization after a decision has been made; indecisiveness in the

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selection of weapons systems such as MICV, ROLAND, SAM-D, B-1A

Bombers and nuclear ships; Congressional influence on base closures;

fiscal irresponsibility due to time constrained decisions; improper

outyear forecasting, and reluctance to change decisions made pre-

vious to production; and resource scarcity in trained personnel,

funds and raw material.

DEFINITIONS

It is necessary to establish at the outset a few definitions in

order to assure common understanding of some basic terms. At

Appendix A is a summary listing of the abbreviations which will be

used throughout the study.

Strategic Management. The process used by top level management

in the Department of Defense for determining (and maintaining) the

relationships of the organization to its environment expressed

through the use of selected objectives, and of attempting to achieve

the desired status of relationship through resource allocations with

efficient and effective action programs by the organization and its

subparts.

National Security Strategy. The Department of Defense portion

of a comprehensive program designed to provide for the security of

the United States through the establishment of integrated policies

and procedures for the departments, agencies, and functions of the

Government concerned with national strategy.

Strategic Planning. The process of deciding on objectives of

the organization, on changes in these objectives, on the resources

used to attain these objectives, and on the policies that are to govern the acquisition, use, and disposition of these resources. Connotes big plans, important plans, plans with major consequences.

Management Control. The process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organization's objectives.

Subsystem. The subsystem is a subordinate component of the system. It contributes to system objectives by interacting with other subsystems.

Environment. The environment contains the external forces and agencies with which the system attempts to cope.

METHODOLOGY

The methodology used to gather the information required in order to make the study included reading extensively from books, periodicals, and previous studies; findings from a questionnaire and followup interviews administered to a selected group of middle managers from a cross section of the Department of Defense senior level staffs; notes taken during lectures, and question and answer periods conducted by the top executives in the Department of Defense; and knowledge gained by participation in the Army War College's management course which featured many prominent people from the field of management. A full listing of these documents and people is in the Bibliography.

Since the scope of this study is large, the literature and personnel used for the data base had to be highly selective in order to

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provide the coverage necessary. Due to the selective nature of the data source, there is a potential for bias which would be eliminated were the topic narrowed and the same effort made. I am particularly pleased with the quality of the selected grouping since not only are the applicable staff agencies of the Department of Defense establishment represented, but they have been represented by views from both the top executives and from the middle managers. On the other hand, for the same reason, the conclusions drawn will be in the framework of working hypotheses and recommendations for further, more detailed study.

The specific format of the study will be:

--in Chapter II to present a scholarly portrayal of management thought in order to provide a backdrop upon which to focus the Department of Defense process.

--in Chapter III to outline the Department of Defense management atmosphere which has been set forth in formal communications.

--in Chapter IV to interpret, analyze, and present the information collected regarding the actual working process.

--in Chapter V to arrive at working hypotheses which will provide the starting point for recommended further study.

In order to narrow the study, certain assumptions and limitations have been established. It is assumed that Department of Defense managers want to do the best job possible. In a broader sense, that a goal of the federal government is to have all departments and agencies on a coordinated policy formulation and budgeting schedule. That in reality there are factors not a part of the formal process

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which have influenced decisionmaking negatively by either not being considered in staff proposals or by being so out of phase with the process that their value is disregarded. Finally, it is assumed that the process is flexible enough to permit change.

Since the subject of strategic management includes both strategic planning and management control, this study will address only the strategic planning aspect of policy formulation. It will further be limited to the current situation except when providing the necessary background information to draw valid conclusions.

CHAPTER II

THEORETICAL CONSIDERATIONS

OVERVIEW AND MODEL

In researching for this study the evident trend in literature
was the notion of change. My realization of this originated with
the movie of Alvin Toffler's book, Future Shock, narrated by Orson
Welles. The consequences which were suggested hit home. His
warning was that unless we could manage change, and influence the
rate at which it occurs, it would overwhelm us. This warning shows
the tremendous importance of a viable Department of Defense strate-
gic management process. Even the words Strategic Management Process
are significant in that they focus on top-level, corporate duties
and responsibilities in the context that they are dynamic and
changing in relationship with the environment which surrounds them.

Peter Drucker, in an article for Harvard Business Review in 1974,
titled "New Templates for Today's Organizations," recognized com-
plexity and change in the structural aspects of the management pro-
cess in his subtitle which read, "Traditional structures are no
longer adequate for today's complex organizations; new designs are
required to serve their needs." He went on to outline how "classical"
organizations such as General Motors, DuPont, and Sears had wrestled
with this phenomenon and arrived at this conclusion.[2]

A different approach for managing complex and changing organiza-
tions was reflected in the July/August 1975 edition of Public

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Administration Review. The article titled, "Public Sector MBO and PPB: Cross Fertilization in Management Systems," began with the following words:

> At different times and in different places, different management systems are in vogue. Some of these systems represent real innovation; more often someone 'reinvents the wheel.' One type of system currently being rediscovered within the federal government is Management by Objective, or MBO.[3]

Dr. George Odiorne, in a recent lecture at the Army War College, reiterated a major point in his book, Management Decisions by Objectives, when he gave a strong endorsement to MBO because of its focus on value increased outputs.[4] Furthermore, there are some valid shortcomings with the Planning, Programming, and Budgeting System (PPBS) now used in the Department of Defense as will be shown in Chapter IV. These shortcomings, the fact that in 1971 Federal Agencies were released from the mandatory use of PPBS, and the trend toward reevaluating management systems throughout society, justify a review of PPB in the Department of Defense to see if it remains the best system for its requirements. In order to make this review it is necessary to establish a base of sound management theory by which the Department of Defense can be compared and analyzed.

There are several methods which could be used to present this theoretical base. I have chosen one of the more modern management philosophies--the Systems Approach. The "system" is an organization composed of interdependent subsystems, delineated by identifiable boundaries from its environment. An organization can be further

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defined as a subsystem of its broader environment. It is goal-oriented, composed of a technical subsystem, a structure subsystem, a psychological (people-oriented) subsystem, and coordinated by a managerial subsystem.[5]

The systems approach emerged in the last 15 years, essentially by combining the theories of scientific management of the early 1900's with the behavioral and technical approaches of the 1930-60s. Scientific management espoused by Taylor placed emphasis on planning, standardizing and improving efficiency of human work. Henri Fayol added the administrative views of a pyramidal form, unity of command, exception principle, authority delegation, and span of control. Max Weber came up with a bureaucratic model, again emphasizing hierarchy of authority, division of labor based on functions, a system of rules, impersonal relationships, a system of work relationships, and placement based upon technical competence.[6] In the late 1930s many forces were modifying the traditional management theory. The two primary changes were the behavioral sciences which emphasized the human aspects of administration, and the management sciences which recognized the advent of technology--quantification, mathematical models, and computer technology.[7] A summary of relevant management theory is presented below using the systems model as a format guide.

ENVIRONMENT

All organizations are thought of as being a part of another larger organization. They have boundaries which separate them from one another such as ideology, physical, geographical, functional, and financial. These organizations receive inputs from across their boundaries, transform them, and return outputs. Individual organizations require a process for insuring that an effective link exists between the organization itself and its environment, no matter how rapidly things are changing. Efficiency of operation must also be considered, particularly with the budget constraints imposed on a public organization. However, in the long run current efficiency normally does not impact as greatly on the viability of the organization as the effectiveness of its adaptability to change in the environment.

The Office of the Secretary of Defense in the Department of Defense is the level of organization which sets the tone for the effective interface with the outside environment. Nevertheless, every sub-organization down to the individual soldier interfaces with the exterior environment and does influence the effectiveness of the whole organization. The exchange of information, energy and materials with its environment is done through a phenomenon known as boundary crossing. In fact, most organizations have "partially open" or "partially closed" boundaries depending on where you look at them. Boundaries can be thought of as a filtering process. The relatively closed organization has rigid, impenetrable boundaries,

such as the control element of a crime syndicate; whereas, the open organization has permeable boundaries, similar to membership in the PTA. A certain degree of boundary identifiability may be good in that the filtering process standardizes inputs and outputs, and provides a degree of independence for the organization from intrusion from outside.

Environmental forces have a direct influence on the way an organization structures itself in order to cope. Specific staff departments are established in order to perform the boundary spanning interface. Generally speaking, the more dynamic the environment, the more complex and differentiated the internal structuring of the organization becomes. An organization operating in a dynamic situation must be adaptable to change. There are certain characteristics which affect most organizations--cultural, technological, educational, political, legal, resource availability, demographic, sociological, and economic.[8] These general characteristics have an important affect in determining the resources available for inputs, the specific mission, the most appropriate internal process, and the acceptability of organizational outputs. Other characteristics have a more specific influence on decisionmaking and the internal workings of the organization. They are the requirements of the recipient user, the resource supplier, the competitor, the society and political attitude, and the technological adaptability.

Shirley Terreberry, in a 1968 article for Administrative Science Quality, expressed the environmental concept well: "organizational

change is increasingly externally induced; organizational adaptability

is a function of the ability to learn and perform according to

changes in the environment."9

STRUCTURE

Peter Drucker summarized structural theory when he wrote:10

> The simplest organization structure that will do
> the job is the best one. What makes an organiza-
> tion structure 'good' are the problems it does
> not create. The simpler the structure, the less
> that can go wrong. --To obtain both the greatest
> possible simplicity and the greatest 'fit', organi-
> zation design has to start out with a clear focus
> on key activities needed to produce key results.
> --Organization is a means to an end rather than
> an end itself. Sound structure is a prerequisite
> to organizational health; but it is not health
> itself. The test of a healthy organization is
> not the beauty, clarity, or perfection of its
> organization structure. It is the performance
> of people.

An organization is the pattern of ways in which large numbers

of people, too many to have intimate face-to-face contact with all

others, relate themselves to each other in the conscious, systematic

establishment and accomplishment of mutually agreed purposes.11

Top level or corporate management tasks, in the organization, differ

fundamentally from the tasks of the other management groups. They

are multidimensional. They recur but are intermittent, and make

different and often conflicting demands on personality and temperment.

There is need to structure the top management job so that both the

objectives to be accomplished and executives themselves are con-

sidered. There is also a need to provide the stimulation and infor-

mation for them to accomplish the job.12

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Essentially organizational structure is the design by which
(1) functions are separated, (2) authority and responsibility are
divided and delegated, and (3) people are related to each other.
Three main structural types may be taken as representing the forms
used by most organizations. These basic structures are shown at
Appendix B and are: line, line and staff, and functional.[13]

Organizations have both formal and informal structures. The
formal structure is the result of explicit decisionmaking and is
typified in the above discussion. Informal structure refers to
those aspects of the system that are not formally planned, but
arise spontaneously out of activities and interactions of people.
Particularly at the corporate level of management the informal
communications network is present because of the environmental
interfacing activities, and must be recognized so that it relates
to and compliments the formal structure.

Coordination of activities and integration of effort is
absolutely essential. There are several mechanisms for accomplishing
this. Joseph Litterer suggests three: (1) the hierarchial system
which follows a chain-of-command, (2) the administrative system
which deals with the horizontal bureaucratic work flow, and (3) the
voluntary system where people see a need to coordinate.[14] Organiza-
tions facing a changing environment and accelerating technology have
found it necessary to adapt new means of insuring integration such
as committees, task forces, coordinating teams, and program managers.
It also seems that most modern organizations undergo frequent changes
in structure. Instead of providing for permanent, highly structural

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relationships, the dynamic organization has less structuring, more
frequent change of positions and roles, and a more dynamic interplay
between the various functions.[15]

GOALS AND VALUES

It is of some importance at the outset of this discussion to
note that major DOD management publications do not address the
subject of goals and values in very much detail. This absence may
be a military reflection of George Steiner's observation that in
the past there was but one aim in business and that was to maximize
profits.[16]

The job of top level management in regard to setting values is:

--to align its corporate purpose with its
social and economic responsibility;

--to make sure each person in the corporation
not only understands these purposes, but is
willing to be committed to them;

--to see that these purposes are acted upon
by people of the corporation.[17]

Specifically, values are the views which individuals hold on what
is good and desirable. The lack of a good value base leads to
"Watergates." Recognition of the need for a value base is reflected
in the Scout Law, "A Scout is trustworthy, loyal, etc.," or West
Point's "Duty, Honor, Country" and a cadet does not "lie, cheat or
steal nor tolerates those who do." Values provide standards by
which people are influenced in their choice of actions. Value
issues fall into five levels: individual values, small group
values, organizational values, direct environmental values, and

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cultural values. Some of these, obviously, are not influenced by management, while others are. All impact on the thought process of decisionmaking and should be considered in planning, and communicated so that each member of the organization knows what is expected of him in his day-to-day work integrity. The Code of Conduct is an example of a well-communicated value base.

Goals are more specific than values, and represent the desired future conditions which the organization strives to achieve. Depending on the level and size of the organization and the nature of the item, the term goal may be changed to objective; however, they focus the attention of participants on actions which are important to the organization. They are designed to provide the standards for measurement of success, the technologies required, and the managerial processes. Top management usually determines broader goals which help relate the organization to its environment. It also translates these goals into broad operational objectives for the next lower level component.[18]

People within an organization also have individual goals. These personal goals are many times both compatible and at the same time in conflict with the goals of the organization. It is necessary to satisfy a certain level of these individual goals in order for the individual to accept the organizational goals and make the best contributions possible. Some conflict is inevitable.

Mr. Thomas Watson, Jr., Chairman of IBM Corporation, emphasized this point by stating that:

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> . . . the basic philosophy, spirit, and drive of
> an organization have far more to do with its rela-
> tive achievement than do technological or economic
> resources, organizational structure, innovation
> and timing. All these things weigh heavily on
> success. But they are, I think, transendent by
> how strongly the people of the organization
> believe in the basic precepts and how faithfully
> they carry them out.[19]

PSYCHOSOCIAL

People!

J. Watson Wilson wrote, "If you dig very deeply into any
problem you will get to 'people'." Clarence Francis put it another
way, "I believe the greatest assets of a business are its human
assets, and the improvement of their value is a matter of both
managerial advantage and moral obligation."[20]

Human behavior and its effect on productivity have been a chief
interest of management for a long time. Some people are better
managers, some better technicians, and some better workers. As
automation increases, finer distinctions in occupational specialty
occur; pay gets higher, the importance of knowledge is recognized,
and people management becomes more important. Some very key people-
management areas are: (1) communication, (2) decisionmaking, (3)
innovation and change, (4) conflict, (5) leadership, (6) authority
and responsibility, and (7) learning, perception, and creativity.[21]

Human behavior refers to a person's conduct. Harold Leavitt
concludes that most behavior is caused by something, is further
motivated by certain needs in the person, and directed toward a

goal. The process is shown in Table 1 and will take on a cyclic
effect, as shown by the feedback loop, unless the goal is achieved.[22]

Table 1

HUMAN BEHAVIORAL CYCLE
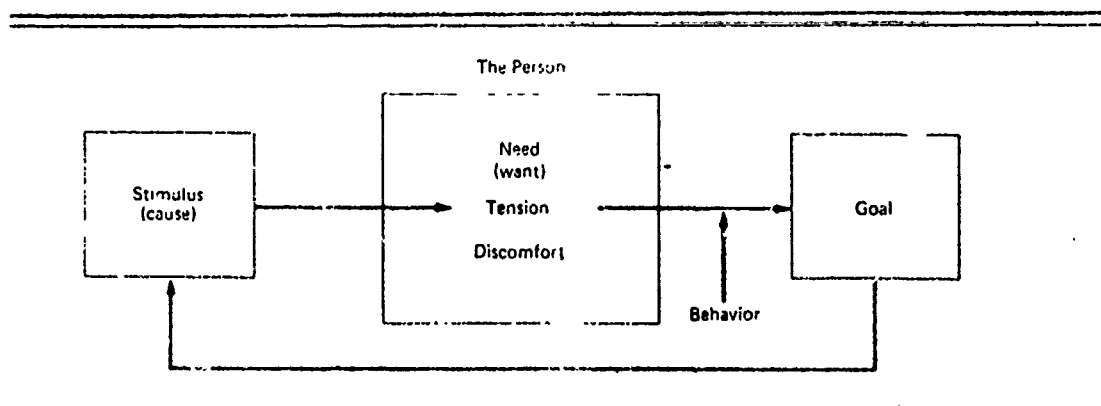
There are individual variations in human behavior which occur
primarily in the perception and understanding of what is going on,
and in individual motivation. People tend to select information
which enhances their satisfaction, and ignore information which is
disturbing.[23]

A summary of the things which motivate performance are in Table
2.[24]

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Table 2

MOTIVATION CYCLE
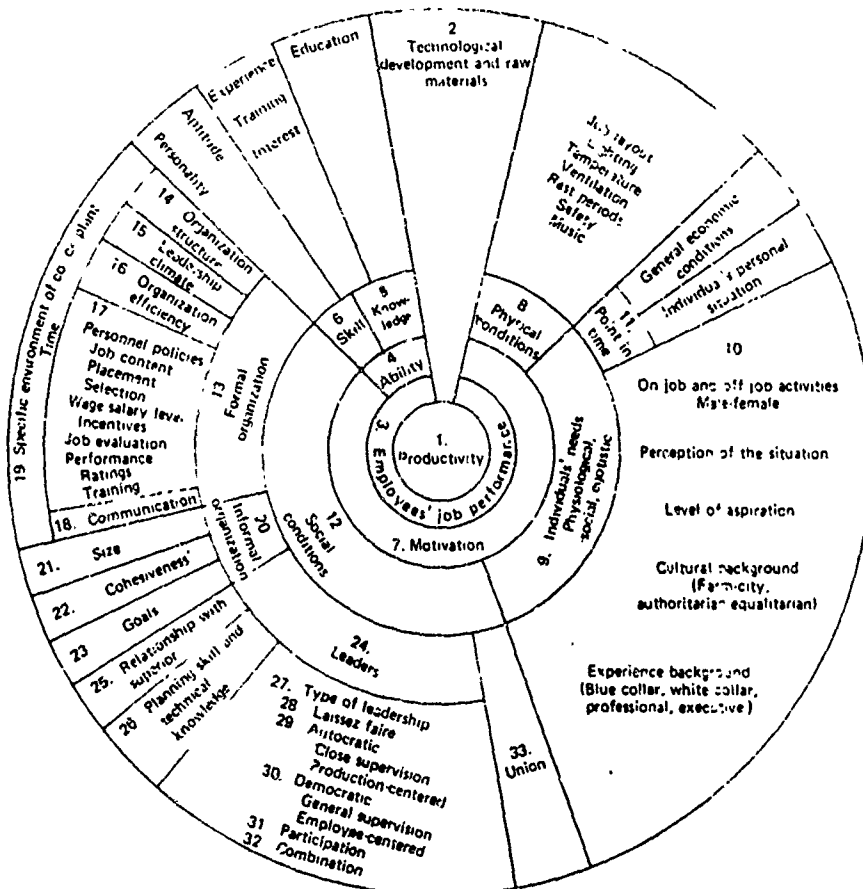
Abraham Maslow approached motivation from a slightly different

view. He looked at it as a climbing process; higher needs becoming

activated as lower ones were satisfied. His five basic le als were

physiological (hunger, sleep, etc.), safety, love, esteem and self-

actualization in that ascending order. He felt that esteem and

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self-actualization are rarely satisfied; and that man seeks more
satisfaction of them as they become more important to him.[25]

As another frame of reference for evaluating motivational drives
Douglas McGregor looks at people in two ways, which he terms "Theory
X and Theory Y." Briefly, Theory X people dislike work and avoid
it when they can, work for money to satisfy basic needs, are moti-
vated through threat of punishment, and require tight control.
Theory Y people will exercise self-correction in their goal achieve-
ment, seek responsibility, have a potential for development, and
will be motivated by esteem and self-actualization.[26]

How a manager evaluates and structures his organization in view
of the above discussion will obviously weigh heavily on its
effectiveness.

TECHNOLOGY

Technology has two aspects--physical items such as machinery
and equipment, and accumulated knowledge concerning the means to
accomplish the job. Man's greatest attribute is the ability to
use his mind. Men, in the form of management, translate and multi-
ply advancing technology for the welfare of mankind. Computers,
as an example, aid in storing and diffusing knowledge, and thereby
improve methods for further discovery and scientific advancement.[27]
The real impact of management can be seen in the Apollo disaster of
1967 where authorities found that the management of the contractor
was sloppy, and the controls over safety and inspection of components

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were lax. These deficiencies caused the fire as much as poor design and choice of materials in the capsule.[28]

It is unmistakable that science and technology have become an influential part of society. This impact is not in any way limited to the United States, or to inside or outside an organization; it is everywhere. The forces of accelerating technology are altering life in important ways. Worldwide industrialization is causing cultural systems to more closely align. Education is an example of an area in which all nations must push forward in order to cope with industrialization. Even organizational structures of complex organizations are required to be similar, so that the exchange of information and resources can be efficiently performed. Inherent dangers in the growing emphasis on technology are that it will become an end in itself, and that man will be its slave and not its master. The interaction between the technical aspect and the human aspect of an organization will be absolutely critical when effectiveness of the final product is determined.

Case studies show some of the specific impacts of accelerating technology to be:[29]

--the number of people in the chain-of-command increases.

--span of control of the executive increases.

--management by committee grows.

--clerical and administrative personnel increase.

--a change in type of work being done takes place; hence worker anticipation, and retraining requirements occur to an extent so great that the job might not get done.

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--more highly trained specialists are required.

--cost of management is higher.

--integration of activities is much more important.

--much more information for decisionmaking and feedback for
control are available.

In order to better incorporate technology into the organization
and to insure that we are in control, forecasting of technological
expansion implications has been attempted for several years.
Technological forecasting, as distinct from general forecasting,
has been described as "the probabilistic assessment, on a relatively
high confidence level, of future technology transfer."[30] It is
interesting to note that in the area of technological forecasting,
the military service has had the greatest application and method-
ology development to date. Outsiders expect that "the military will
intensify their efforts in this area."[31]

MANAGERIAL

The managerial function of management spans the entire organi-
zation directing the technology, organizing the people and resources,
and relating the organization to its environment. The heart of the
process is the linking together of the other subsystems of the
organization. At the top-management level, relating the organization
to the environment takes high priority and is done in a comparitively
nonstructured manner. Planning is long range in nature. The
general activities of planning are nonprogrammable with solutions
to complex unusual problems being observed from a satisfying point

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of view. Decisionmaking is largely judgmental and based on a look at all relevant inputs to the problem-solving process.[32]

M. Henry Mintzberg authored an article in the July-August 1975 edition of Harvard Business Review titled "The Manager's Job: Folklore and Fact." The article is a result of research in the area of what managers actually do. The key points are applicable here to furnish a backdrop for our DOD picture. Mintzberg's intention is to break away from the traditional Fayolian words of, "a manager organizes, coordinates, plans, and controls," and to introduce him to a more useful description of managerial work. Following are four myths about manager work which he states do not bear up under scrutiny of the facts:

Folklore	Fact
1. The manager is a reflective systematic planner.	The manager works at an unrelenting pace, that their activities are characterized by brevity, variety, and discontinuity, and that they are strongly oriented to action and dislike reflective activities.
2. The effective manager has no regular duties to perform.	In addition to handling exceptions, managerial work involves performing a number of regular duties, including ritual and ceremony, negotiations, and processing of soft information that links the organization with its environment.
3. The senior manager needs aggregated information, which a formal M.I.S. best provides.	Managers strongly favor the verbal media—namely telephone calls and meetings.

Folklore	Fact
4. Management is, or at least is quickly becoming, a science and a profession.	The managers' programs—to schedule time, process information, make decisions, and so on—remain locked deep inside their brains.

The puzzle is put together by Mintzberg in Table 3 which takes a manager who has vested authority over an organizational unit and subscribes to him ten roles. He summarized the message of his article by outlining three areas where management could become more effective:

--The manager should find systematic ways to share privileged information.

--The manager should deal consciously with the pressures of superficiality by giving serious attention to the issues that require it, by stepping back from his tangible bits of information in order to see a broad picture, and by making use of analytical inputs.

--The manager should gain control of his own time by turning obligations to his advantage and by turning those things he wishes to do into obligations.

Table 3

THE MANAGER'S ROLES

```
┌─────────────┐
│ Formal      │
│ authority and│
│ status      │
└──────┬──────┘
       │
       ▼
┌─────────────┐      ┌─────────────┐      ┌─────────────┐
│Interpersonal│      │Informational│      │Decisional   │
│roles        │      │roles        │      │roles        │
│             │      │             │      │             │
│Figurehead   │      │Monitor      │      │Entrepreneur │
│             │      │             │      │             │
│Leader       │──────▶│Disseminator │──────▶│Disturbance  │
│             │      │             │      │handler      │
│Liaison      │      │Spokesman    │      │             │
│             │      │             │      │             │
│             │      │             │      │Resource     │
│             │      │             │      │allocator    │
│             │      │             │      │             │
│             │      │             │      │Negotiator   │
└─────────────┘      └─────────────┘      └─────────────┘
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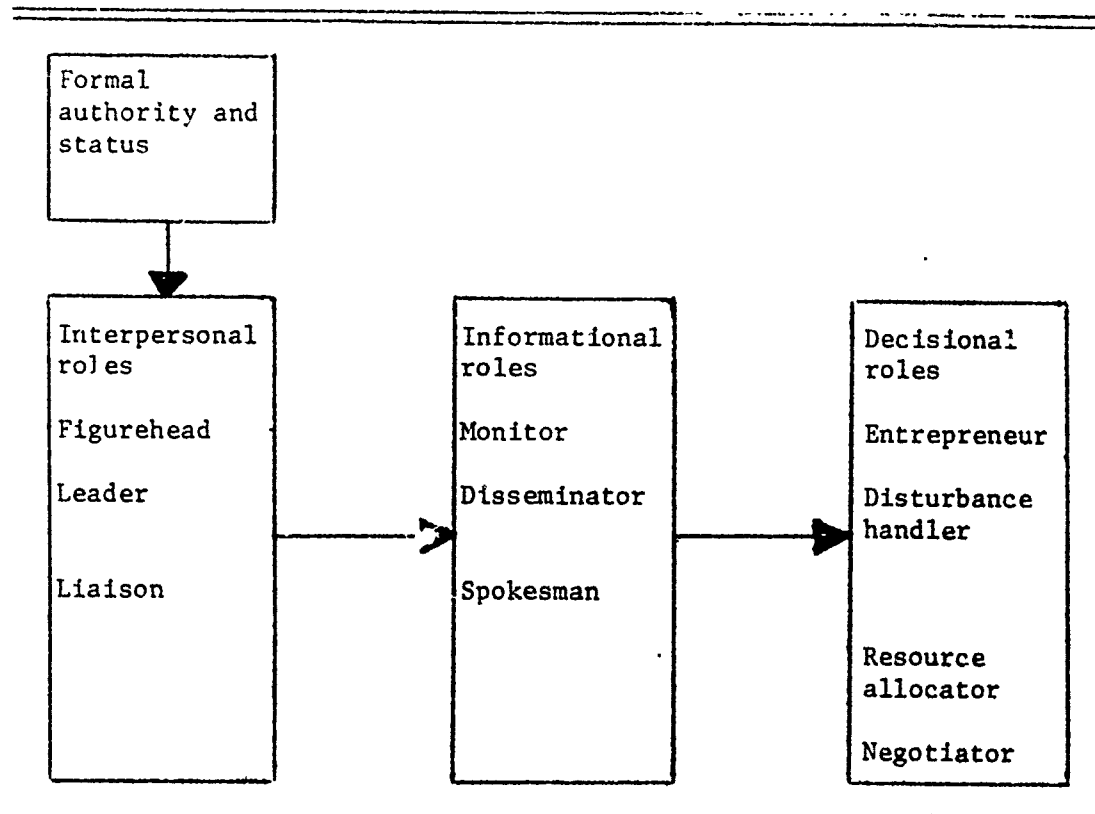
CHAPTER III

THE DEPARTMENT OF DEFENSE MANAGEMENT DESIGN

PURPOSE AND SCOPE

The Department of Defense was created as a part of a comprehensive program designed to provide for the security of the United States through the establishment of integrated policies and procedures for the departments, agencies, and functions of the government concerned with national security. The system is founded on the Constitutional basis of civilian control over the military. The President is Commander-in-Chief of the armed forces, and Congress is given power "to declare War," "to raise and support armies," and "to provide and maintain a Navy." Although this separation of power between Congress and the President divides, and possibly weakens civilian control of the military establishment, this arrangement nevertheless provides workable restraints on the armed forces.

The management process within the Department of Defense is energized in its national security policy advisory role by the National Security Council (NSC), which was established to assist the President in making national security policies. The other major role of the Department of Defense, that of implementing national security policy, is controlled through the budget process. Budget requests are submitted based on the resources needed to carry out the policies established by the National Security Council. The resulting monies come from frequent and extensive compromise by the

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President and the Congress based on analysis of programs and national priorities. The Department of Defense is called upon to explain and defend its positions throughout the process.

In the final analysis money is the common denominator in the operation of the defense establishment since it determines the availability of manpower, resources, and training. In order to properly request funds, to judiciously allocate reduced authoriza-tions, and to get the best return on the operating dollar, an efficient, coordinated, strategic management process is required.

EVALUATION OF DEFENSE MANAGEMENT

The National Security Act passed in 1947 initiated a continuing effort to better manage the armed forces. Between 1947 and 1961 each service developed its own programs without any method available to compare them systematically with competing programs of other services.[33] Military requirements themselves were seldom related to costs, and therefore had little affect on resource allocation and the budget. Furthermore, the budget was only calculated for one year. This process prevented future costs of programs from being considered in the decisionmaking process.[34]

These practices created many problems in formulating a sound national strategy. The national level decisionmakers could not determine if the missions could be accomplished because they could not evaluate service interface, out-year force and hardware planning, and what the real cost-effective courses of action were. The plan-ning, programming, budgeting system (PPBS) initiated in 1961 by

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Mr. McNamara in the Department of Defense was an attempt in
overcoming these problems.

Mr. McNamara, following WW II, had been hired by Henry Ford II,
along with several other ex-air force officers, to work on Ford's
management problems. From this experience, along with knowledge
of similar management techniques in DuPont and General Motors, he
came to the Department of Defense.

Table 4 shows the generally accepted major features of PPBS
along with their operational areas and typically representative
documents.[35]

Table 4

PPBS FEATURES

MAJOR FEATURES	OPERATION AREAS	REPRESENTATIVE DOCUMENTS
Define objectives Determine programs Assign activities to programs Establish plan-program- budget cycle	Structural Aspects	Multi-year program and financial plan
Develop cost/benefit measurement methods Identify and evaluate alternatives Develop and apply criteria	Analytical Aspect	Program memoranda including alternatives Issue Analysis Special studies
Use existing reporting system Update programs	Data and Informa- tion Aspect	Accounting and statisti- cal reports Program change proposals

In summary, the primary reason for program budgeting is that it
provides a formal, systematic method to improve decisions concerning

the allocation of resources. It does this by answering questions and by requiring identification of all actions in terms of programs related to stated objectives. Another reason for program budgeting is that planning is carried on with attention and recognition of the associated costs. Finally, it provides a basis for choosing between available and feasible alternatives. At that point, the decisionmakers can exercise their judgment and experience in an appropriate and informal context.

Given the decision on what to do and how to do it, management techniques for improving efficiency, such as work measurement, performance budgeting, and management by objective enter into the picture. Program budgeting is aimed at decisionmaking and saving money by making better choices. Deciding on what to do on a day-to-day basis is left to those who are closer to the operation.[36]

This then is the framework within which defense management at the strategic level is designed to operate—a decisionmaking situation where the environment and personal experience mold the decision-maker to systematically look at feasible alternatives of program elements in view of their total impact on the goals of the organization.

CURRENT MANAGEMENT DESIGN

The Department of Defense system is "designed" to establish program objectives, plan long-range programs, determine the full cost of programs, analyze program alternatives, assess output in

terms of objectives, and use the budget process as an instrument for implementing program decisions.

As stated earlier, since the Department of Defense receives its policy guidance from the President through the National Security Council, and since it operates on monies allocated by Congress, it must manage itself so as to respond to and operate within the timing of these major actions. In order to do this there are three operating cycles going on at the same time, namely: (1) the current year operating budget, (2) preparation for the following years budget, and (3) long-range planning guidance for the budget two years away (see Appendix C).

The Five Year Defense Program (FYDP) is the official formal written record of decisions that have been made in Department of Defense. The objective of the planning, programming, and budgeting cycle is to update this program.[37] New decisions are being made throughout the year, and since all Department of Defense components must use the FYDP as their standardizing document, it is imperative that it be continually monitored. The FYDP is comprised of ten major Defense programs which represent the mission and support responsibilities of the Department of Defense. Each program consists of many program elements. A program element represents a grouping of forces, manpower, and costs for an organization, function, or activity. The structure provides a systematic means of measuring the actual use of resources against planned and approved programs. Manpower authorizations and cost data recorded for each program element covers a time span for a period of at least five

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years beyond the current year of funds and manpower. Forces are
displayed for an additional three years to provide an adequate
basis for identification of long lead-time resources and cost
requirements. In addition, the FYDP provides a workable tool for
a manager who can manipulate the display of common data, so that
it becomes specifically meaningful in the function he is performing.
Table 5 shows the ten Defense programs, and the DOD office of
primary responsibility.

Table 5

FYDP PROGRAMS

Program Number	Program Name	Responsible Office
1	Strategic Forces	Program Analysis and Evaluation (PA&E)
2	General Purpose Forces	Program Analysis and Evaluation (PA&E)
3	Intelligence and Communications	ASD (Intelligence) and Director, Telecommunications and Command and Control Systems
4	Airlift/Sealift	Program Analysis and Evaluation
5	Guard and Reserve Forces	Manpower and Reserve Affairs
6	Research and Development	Defense Research and Engineering
7	Central Supply and Maintenance	Installations and Logistics
8	Training, Medical and Other General Personnel Activities	Health and Environments and Manpower and Reserve Affairs

Program Number	Program Name	Responsible Office
9	Administration and Associated Activities	Comptroller
10	Support of Other Nations	International Security Affairs

The formal planning cycle stems from Presidential decisions issued through National Security Decision Memorandums (NSDM) from the National Security Council. The Office of the Joint Chiefs of Staff (JCS) forms the body charged with the responsibility of strategic military planning for the Secretary of Defense, who in turn provides guidance and decisions for the organization. The official procedure is incorporated into the Joint Strategic Planning System (JSPS). The JSPS includes the following: the Joint Intelligence Estimate for Planning (JIEP), the Joint Long-Range Estimative Intelligence Document (JLREID), the Joint Long-Range Strategic Study (JLRSS), the Joint Strategic Objectives Plan (JSOP), the Joint Strategic Capabilities Plan (JSCP), the Joint Research and Development Objectives Document (JRDOD), and the Joint Force Memorandum (JFM). Each year these documents are reviewed, updated, and revised.

The JIEP, JLREID, and JLRSS are all documents which furnish background information for planning. The JIEP contains the approved enemy threat for the short and mid-range periods (10 years). The JLREID provides the principal intelligence base for the long-range (10-20 years) upon which the JLRSS and JRDOD are developed. The JLRSS provides a projection of the role of military power, and

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outlines broad strategic implications which should be considered in the preparation of studies, estimates, appraisals, policies, plans, and research and development objectives (JRDOD). The JSCP and the JSOP are the specific plans. The JSCP deals with the short-range period (2 years) and consists of two volumes published biannually to provide guidance to defense components for accomplishment of military tasks, based on projected military capabilities and conditions. The JSOP deals with the mid-range period (2-10 years) and, likewise, consists of two volumes. Its purpose is to advise the President and Secretary of Defense on the military strategy and force structure for attaining the national security objective of the United States, and to provide mid-range planning guidance for defense components. The JFM provides JCS views on the capabilities, inherent risks, and major force issues requiring decisions during the current year. Appendix D shows the interrelationship and timing sequence of the Joint Strategic Planning System documents outlined above.

After JSOP I is published, the Secretary of Defense provides initial guidance on defense strategy in the Defense Policy and Planning Guidance (DPPG) document. At the same time the Assistant Secretary of Defense for Program Analysis and Evaluation issues the Tentative Planning and Programming Guidance Memorandum (TPPGM) adding force programming guidance, broad fiscal guidance and constraints, potential issue areas, and guidelines for preparation of the Service Program Objective Memorandum (POM).

JSOP II and JRDOD are then published and followed by the formal
Planning and Programming Guidance Memorandum (PPGM) which finalizes
the previous tentative guidance (TPPGM) and permits issuance of the
JFM.

So far in the process the services really have not been deeply
involved. One week after the JFM is issued the services (Army,
Navy, etc.) submit their Program Objective Memorandums (POMs) which
outline proposed changes to FYDP baseline force levels and deviations
from the JFM. Staff agencies within the Office of the Secretary of
Defense prepare POM Issue Papers, and later decisions are made on
the proposed changes and are returned to the services in the form
of Program Decision Memorandum (PDM).

The budget cycle commences after receipt of the PDMs. Each
service submits its budget estimate by program, with backup informa-
tion, to the Secretary of Defense (Comptroller), who reviews it with
representatives of Office of Management and Budget (OMB). Program
Budget Decisions (PBD) will begin going back to the services as
soon as they are reached. Services prepare rebuttals, if applicable,
for resolution in a joint meeting of the Secretary of Defense, the
JCS, and the Service secretary affected. The final DOD budget is
then forwarded to OMB for approval and inclusion into the President's
budget for submission to Congress in January. A "level-of-effect"
current services budget for the next fiscal year is submitted to
the new Congressional Budget office in November so that Congress can
start analysis before receipt of the President's budget. In this
way, and with other budget dates established in the Congressional

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Budget and Impoundment Act of 1974, the final budget approval should be forthcoming at the beginning of the fiscal year and provide a more efficient, better coordinated Federal Budget.

As a closing note to this portion of the paper, it should be noted from Appendix C that the time for one cycle from threat analysis to submission to OMB and the Congress is two years. It should also be noted from the organizational structure, shown at Appendix E, that the management system is weighed heavily toward dealing with decisions relating to resource planning and provides minimum capability toward the management of people or the establishment of organizational values and goals. An additional point to remember is that the documents are highly classified and receive limited distributions within the organization.

SIGNIFICANT INTERFACING SYSTEMS

Th_____ _ve_ora___ _nd Congress are major environmental systems which _____en__ ___ _____er in which the Department of Defense is managed. The pr___ __ _xecutive interfacing agencies are the National Security Coun__ __ the Office of Management and Budget. The Congressional interface is done essentially by the various committees. From within DOD the individual services—Army, Air Force, Navy, Marines—are the primary sub-components.

We will look first at the individual services. The National Security Act of 1947, with amendments, provided increased authority to the Secretary of Defense by reducing the authority of the Service Secretaries. It was established that the Secretary of Defense,

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through the individual services, was responsible for the
administration of the US Armed Forces. Management within each
service was to be performed under the direction, authority, and
control of the Secretary of Defense. This management is now accom-
plished through the management of resources as previously outlined.[38]

Each service is responsible for the administratio of its man-
power and readiness based on the guiding documents and budget out-
lays given them by DOD. At Appendix F are charts which show the
specific PPBS document cycle between DOD and the services. The
basic philosophy of how each service interfaces with DOD is stated
below.

Army. The Army system is designed to provide timely, pertinent
views for consideration by the Secretary of Defense and guidance
for Army staffs and managers. The primary objectives are to:

a. Articulate the strategy.

b. Structure the force requirements.

c. Allocate resources.

d. Insure readiness of the total force.

The Army believes that realistic force planning should be based
on well-founded, broad national strategy objectives. Forces should
then be developed to meet the requirements of the broad strategy.
Fiscal, manpower, production, and research and development constraints
are applied to the proposed force structure once this is accomplished.
The sequence is considered essential for an appreciation of the real
risks imposed by the constraints.[40]

Air Force. The Air Force system is developed on the philosophy
that modern weapons and delivery systems have created the capability
for exceptionally rapid destruction of a nation's war making capacity.
To support this philosophy, the attainment of forces-in-being prior
to D-Day is mandatory. This means that the USAF must include an
adequate stockpile of weapons, the most efficient carriers to
deliver these weapons, and the required combat units with adequate
supporting elements ready for D-Day. However, they realize that
the optimum wartime posture may not be attained; therefore, to
accommodate the advantages which would accrue from a warning period,
an M-Day (mobilization) concept is also utilized in war planning.
The total force policy envisions the in-being force to react within
strategic warning time and a modernization of the ready reserve.[40]

Navy. The Navy philosophy and documentation fairly well paral-
lels that of the Air Force in that they want a large in-being force;
but realizing that it is not completely possible, plan specifically
in separate documents for mobilization. This differs from the Army,
which integrates mobilization planning into their other documents.
The Navy system serves three basic purposes:[41]

a. Provides for development of Navy concepts, requirements,
and objectives; and for their presentation to higher authorities.

b. Provides for the transition of strategic and operational
concepts, technological and intelligence forecasts, and guidance
into places and objectives.

c. Provides guidance and direction for the application of
current capabilities.

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Marine Corps. The Marine Corps size and roles are more established by law than the other services. They are supported logistically, by the Navy, and the Navy incorporates many of the PPBS procedures into their operation--Marine Corp. POM is an example. The Marine Corps does, however, prepare complimentary supporting documents for the JSPS, which are presented by their Commandant.

Forces outside the Department of Defense are primarily the Executive Branch and the Congress. Policy direction for the Executive Branch comes from the President directly or through the National Security Council (NSC). The use and mix of these have varied depending upon the President. President Eisenhower required the NSC to evaluate almost all top-level proposals and provide him with recommendations. President Kennedy made little use of the NSC, drawing from individuals both in and out of government for ideas and recommendations. President Johnson, likewise, made little use of the formal council, preferring to meet for luncheons or small meetings with selected advisers. President Nixon went back more closely to President Eisenhower's methods, and as the power of the Secretary of State rose he and the Department of State tended to dominate policymaking. With the lessening of Dr. Kissinger's role in the NSC under President Ford, there is more of a balance; however, Dr. Kissinger, more than any formal group, still seems to be the dominate policy advisor to the President.

Statuatory members of the NSC are the President, Vice President, Secretary of State, and Secretary of Defense. The Secretary of the

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Treasury, Attorney General, Director of Central Intelligence, and
the Chairman of the Joint Chiefs of Staff regularly attend meetings.
There are seven senior bodies which support and assist the NCS.
One of these, the Senior Review Group, is the work-horse and is the
agency which issues the National Security Decision Memorandum (NSDM)
to the Department of Defense.[42]

The Office of Management and Budget (OMB) was established by
Part I of the Reorganization Plan No. 2 of 1970. The Plan desig-
nated the Bureau of the Budget as the Office of Management and
Budget. The intent of the Plan was to provide the President with
an institutional staff capability in the various areas of execu-
tive management--particularly in program evaluation and coordina-
tion, government organization, information and management systems,
and development of executive talent. The Office continues to per-
form the key function of assisting the President in the preparation
and execution of the Federal budget. OMB is further authorized to
make detailed administrative studies for the President with a view
to "securing greater economy and efficiency in the conduct of the
public service."

The Congress exercises its responsibility to raise and support
the defense forces primarily through appropriations and authoriza-
tions in response to the President's budget. These actions are
handled on a day-to-day basis through specific committees who make
recommendations to their respective chambers of Congress. These
committees review the Defense budget in detail and conduct hearings
with key personnel from the DOD.

Congressional review is undertaken from the separate standpoints
of authorization of programs (Senate and House Armed Service Com-
mittees) and appropriations of funds (Senate and House Appropria-
tions Committees). The bills are initially passed in the House and
move to the Senate. If there are differences they are resolved in
joint conference. The new budget act added three more committees
to the process in order to provide a more detailed analysis of the
budget, better insight into out-year impacts of programs, and better
supervision of expenditures. At Appendix G is a diagram showing
the new budget process. The Congressional Budget Office is to
assist both the Senate and House Budget Committees in their investi-
gations, and also to provide a better interface with the Office of
Management and Budget. Each of these committees have staff members
who work with the Department of Defense on specifics of programs.
It appears that there will be more work required from DOD staffers;
however, better federal budget formulation should evolve.

CHAPTER IV

INTERPRETATION, ANALYSIS, AND PRESENTATION OF DATA

BACKGROUND

> Insight into the structure and function of an
> organization can best be gained by analyzing
> the manner in which decisions and behavior of
> such operative employees are influential within
> and by the organization.[43]

The intent of this chapter is to look at the functioning of the

corporate level of the Department of Defense. It will focus on the

goals and values which influence the behavior of its members, and

the environment within which the members operate. This working

picture of the DOD strategic management process will be contrasted

against the process design previously discussed in Chapter III and

the theoretical considerations of strategic management in Chapter II;

in order to come up with the working hypotheses and recommendations

in Chapter V. Specifically, this chapter will use as a model the

flow diagram in Table 6. The model depicts the primary elements

which make up the decisionmaking process for strategic planning.

Table 6

DECISIONMAKING PROCESS FLOW

Structure	People	Goals and Values
What it is	Who they are	Environmental influence
How it works	What they do	Perception

Decisionmaking Process

Strategic Management Base

Goals
Strategies
Policies
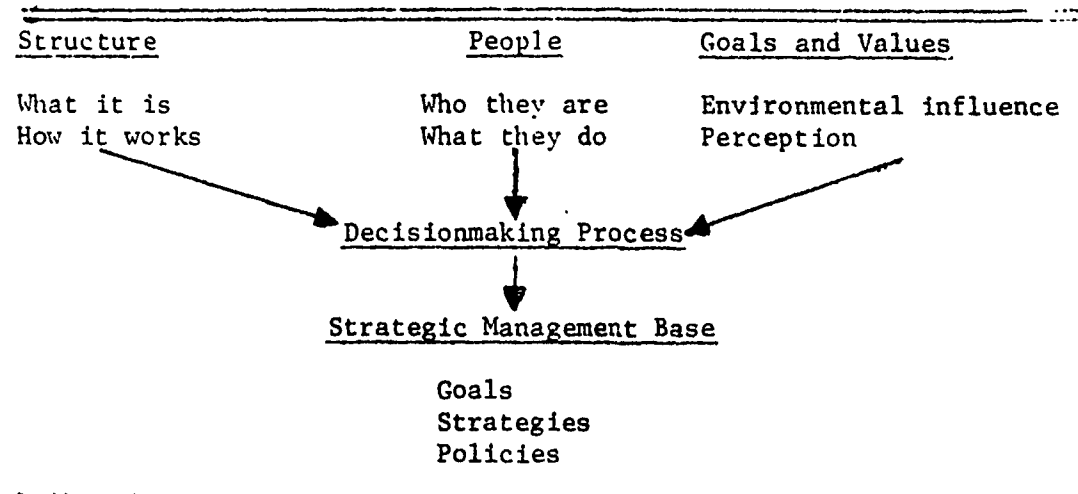
The data is presented with the following subtopics discussed under each of the major headings.

STRUCTURE	PEOPLE	GOALS AND VALUES
Organizational Structure	The Executive	Policy Formulation
PPBS	The Worker	Power Influence
Budget	Staffing	Politics
Decisionmaking		Powerful People
Coordination		Congress
Technology		Organizations
Regulations/Laws		(OMB and Lobbies)
		Public Opinion

Each subtopic will be discussed in three categories—general comments, strengths, and weaknesses. As stated earlier, the points are consensus views from the total research effort, and are not isolated one or two-man opinions. The total listing of the data base is in the Bibliography and the author of this paper has the specific sources which tie the data base to the discussion point. As an example, if the statement were made that the Service Secretariates should be eliminated as a separate organizational level,

it means that the majority view held by the participants in the data base voiced that position, and that there were no views expressed to the contrary. Generally speaking there are more weaknesses shown than strengths; not because there are more weaknesses, but because the research pointed toward problems.

FACTORS IMPACTING ON THE DOD MANAGEMENT DESIGN

Overview

In order to set the scene and to get a feel for the big picture for the detailed discussion which follows, Table 7 displays the responses to a question on the questionnaire designed to prioritize environmental factors which impact on DOD decisionmaking (the entire questionnaire along with the target group is at Appendix H).

Question: Listed below are several environmental factors which influence decisionmaking [author note: all questions were directed at the strategic (top level) management process of DOD]. Please circle the number which reflects how you view their importance. Give examples in the space below each factor. (High degree of influence is 5; low degree is 1.)

Table 7

FACTORS INFLUENCING DECISIONMAKING

SOURCE	BUDGET	TECHNOLOGY	POLITICS	PPBS	REGULATIONS	ORGN'L STRUCTURE	POWERFUL PEOPLE	PRESSURE GROUPS	OR/SA	PUBLIC OPINION
1	5	4	5	3	3	3	4	4	5	1.5
2	5	3	4	3	3	3	5	3	2	3
3	5	4	5	3	3	4	5	4	2	4
4	5	4	5	5	2	4	5	4	2	2
5	5	3	4	4	2	3	4	4	3	4
6	5	2	2	5	4	5	3	2	3	2
7	5	5	3	5	3	4	3	3	2	3
8	5	4	3	3	3	3	5	3.5	3	3
9	4	2	4	4	2	5	4	5	2	2
10	5	4	5	3	3	3	5	4	4	3
11	5	4	3	5	3	2	5	2	3	3
12	5	4	5	3	3	3	5	4	4	2
13	5	4	4	5	2	3	3.5	4	3	3
14	5	4	2	4	3	2	5	2	3	2
15	5	4	3	5	1	2	5	2	4	3
16	5	3	3	3	3	3	4	2	3	3
17	5	2	3	3	2	2	3	2	2	2
18	5	4	5	3	2	3	4	4	4	4
19	5	4	5	4	3	3	5	4	4	3
Column Totals	94	68	76	69	50	59	85.5	60.5	57	55.5
Rank	1	5	3	4	10	7	2	6	8	9

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The detailed interpretation, analysis, and presentation of
data follows.

Structure

Organizational Structure

General comments:

1. Civilian control over the military at the office of the
Secretary of Defense (OSD) level is right, important, and necessary.
The advisory Office of the Joint Chiefs of Staff (JCS) should remain
essentially military.

2. The Office of the Secretary of Defense does not interface
well with the environment. Example: one office only to interface
on budget matters with Congress and OMB--not Comptroller, PA&E, etc.

3. The trend is toward centralized planning for major, high
cost/exposure issues. This is proper, but should result in more
lower priority decisions being delegated, and smaller staffs at
OSD and service component level.

4. The informal structure, and all that it includes, has a
strong influence over the bureaucracy--steering groups, ad hoc
meetings, behind the scenes activity, etc.

5. The Service Secretariate staffs are redundant and unnecessary.

6. There is no staff function specifically for strategic and
long-range planning.

7. Do not reorganize for reorganization's sake. The 1973 Army
reorganization is perceived as good. The 1975 reorganization of
AMC is viewed with skepticism so far.

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Strengths:

1. The Project Manager program for high cost/exposure items has proven very effective in cutting across organizational boundaries.

2. The service reorganizations resulting from staff cuts have proven effective. Certain fine tuning remains in such things as civilian/military mix and individual staff sizes.

3. The DA System Coordinator process is good.

4. The Defense Policy Council is a good coordination device, as is the whole PPBS.

Weaknesses:

1. Staffs must be more streamlined. There are too many parallel functions and responsibilities—the Army Secretariate staff and the Army staff are examples. On the other hand, interfacing staff agencies between levels in the organization are necessary.

2. The Defense Systems Acquisition Review Council (DSARC), although proper in concept, is being very abused. It is acting as a corporate body to advise on broad issues and also just another staff meeting where principles coordinate functional responsibilities as a staff for the Secretary of Defense. It is becoming an operator, making "how to" as opposed to making "whether or when to" decisions. It is becoming another question-asking body. It is creating an adversary relationship with Project Managers. The number of issues and depth of detail gone into by the DSARC is too great.

Joint Strategic Planning System (as a part of PPBS)

General comments:

1. It is unanimous that the total Planning, Programming, Budgeting System is better than any previous system and that it should be retained with constant fine tuning. The challenge is to prevent surprises as much as possible. Most feel that the programming and budgeting process need to be cleaned up and better coordinated; and that better guidance, based on a better environmental fit, needs to be given. In general terms the budget is seen as running the show, programming is done as well as possible, and there is virtually no meaningful long-range planning.

2. More input needs to come up the chain. Currently too much of the JSPS reasoning originates from OSD.

3. More emphasis needs to be placed on contingency planning. Flexibility in planning is essential so as to better manage within fixed costs and when critical decisions must be made in a short period of time.

4. The system needs to stick to the basics and not get fancy. The right questions should be asked, so that the right answers are given--which lead to the best decisions.

Strengths:

1. The JSPS ties together planning with fiscal responsibility.

2. It is a systematic approach to thinking. It is designed to bring the decisions to the appropriate decisionmaker at a specific time.

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3. It forces people to look to the future.

4. There is slow progress being made toward integrating the three cycles of budget preparation and implementation.

5. Field commands (USAREUR, TRADOC, etc.) are beginning to input into the JSPS.

Weaknesses:

1. There is an adversary relationship between services for budget dollars which causes the whole truth about specific programs and threats not to be told. There is also an adversary role between OSD and service staffs on raw data figures upon which to make assumptions, give guidance, and build programs.

2. Planning is the weakest part of the JSPS. Out-years are frequently straightlined or guessed at. Several people listed this as the major weakness in the whole management process.

3. The JSPS could be much better coordinated. The JSPS and the other elements in the PPBS do not interface well; too much motion, too many stovepipes (things done without coordination), outdated documents due to time constraints, excessive detail, and frustration.

4. The three concurrent cycles are confusing. Each cycle is too long (two years) and data deteriorates. Action officers and users become confused as to which cycle is being talked about. Timing between elements of each cycle is poorly allocated, as will be discussed later.

5. Guidance is too weak for good staff action. OSD staffers ask too many questions and give too few answers; hence, the

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subordinate staff officers not only are spending their time answering the mail, but doing it without knowing what is really wanted. The dog keeps chasing his tail.

6. Good contingency planning is just not done. To compound the problem the budget system does not allow enough lateral movement of monies between programs to permit optimum management.

7. Certain elements in the JSPS are particularly weak:

    a. The TPFDL is considerably out of date (72/73 time frame).

    b. The JFMs are not good. They represent parochial views, and an "if you scratch my back, I'll scratch yours" approach.

    c. Due to continual updating, the FYDP must be continually checked by actions officers.

    d. Many documents are just not used because of security classification, size, limited distribution, and user knowledge that they were written in a vacuum without proper input of information and staffing. The JSOP I and II are good examples.

    e. The most serious problem seems to be in the PBD process. This problem is compounded because these decisions have to do with distributing the shortage of funds. The comptroller makes many decisions on dollar reductions without sufficient knowledge of the impact. Draft PBDs are often withheld so that agencies are not kept informed of their status or future until too late. It is questioned by some as to whether the Comptroller is more loyal to OMB (since they coordinate continuously) or to the mission. Too many low cost/unimportant PBDs get actioned at OSD level. PBDs often announce new policy; this is neither legal nor realistic. The paperwork

involved in the PBD process is absolutely staggering compared to the short (few weeks) time to get it done. Because of the short time and high volume, bad, cost-ineffective decisions are made with the long-range consequences inadequately considered.

8. Extreme caution must be taken to put adequate and factual data into a program since so much of the process depends on ADP. Many decisions are based on bad data or faulty assumptions and the decisionmaker does not even realize it. The M-16 rifle study is an example.

9. There is no effort to educate newly assigned people on the PPBS. They either sink or swim; hence, many costly errors are made and lost time initially.

Budget

General comments:

1. The overall GNP growth is slowing down with a trend toward budget balancing. This means that new program funding will usually require cutting an existing program.

2. The budget is considered to be the most influential factor in DOD management. Some say that PPBS is, in fact, only a budget.

3. The defense budget is both a political document and a management tool.

4. There is a basic dichotomy; budget analysts look at inputs and planners look at outputs.

5. Generally OMB is considered to be the devil's advocate; however, the current DOD/OMB relationship is better than most Federal Agencies. It is hopeful that the OMB/CBO relationship will

be good. The first cycle under the new OMB/CBO/DOD process reveals that the DOD budget was too detailed in the four out-years. The President wants a little more flexibility in out-years.

6. Decisionmakers must be tough and hold to budget guidance positions. Planners and programmers must do their job well and then be held accountable.

Strengths:

1. The budget process forces better management practices. It cuts down waste and corruption.

Weaknesses:

1. Buying power of the dollar is going down and the size of the budget is remaining constant. In a real value declining budget the large number of fenced programs by law, regulations, and sunk costs create an inability to allocate resources effectively and a tendency to make fewer bold decisions.

2. Basically the tail wags the dog. Good threat analysis and force planning is stifled due to budgetary constraints. Many times since it is known beforehand that the money is not there, realistic threat analysis and planning is not done. This rationalized analysis leads to an improver risk assessment.

3. The budget is becoming a Congressional rather than an Executive operation as a result of the Congressional Budget and Impoundment Act of 1974. The increased work load created by Congressional committees may cause budgetary forecasting to be even less effective due to time constraints.

4. There is an adversary role between PA&E and the Comptroller due to the output/input focus discussed earlier. An example is that PA&E works for ten months to build a $122 billion program and the Comptroller spends two months cutting out $12 billion in increments as small as $50 thousand. This creates snap judgments and costly errors.

Decisionmaking

General comments:

1. The heart of PPBS is to have good analysis and alternatives presented to the appropriate decisionmaker. Viable alternatives are many times being eliminated too early in the process.

2. Major decisions are made by the Secretary and Under Secretary of Defense. However, all levels in the organization who have initiative can make decisions and their authority be fairly well understood.

3. There are too many decisions pushed upward. The system is not forcing personnel lower in the organization who have the authority to make the decisions within their scope.

4. Many decisions are made by committee, SELCOM, DSARC and other groupings.

Strengths:

1. OR/SA is being used much better and more realistically.

2. Good decisionmakers can ask for more alternatives if they do not like what they see.

Weaknesses:

1. Many times there are no decisions to make; they are fore-closed before they reach DOD. Examples are: White House on SALT, MBFR, and FMS; Congress on nuclear boat procurement and the SST. These decisions may not be a result of sound information or even cost-effectiveness, but purely for personal political purposes. This political irresponsibility is further complicated by key position political appointees who have little experience militarily and are unduly ambitious politically.

2. OSD and Congress tend to micro-manage too much. Decisions are being made by people who have the authority, with neither the responsibility for the result nor the experience to make the decision.

3. As a result of unwise decisions from outside and a tendency to micro-manage, there is much wasted motion, and the time for making good decisions is lost to "plugging-the-gap."

4. There are not enough tough decisionmakers at the staff director level. It is hard to scrub approved programs even if they have become marginal. The tendency is to feather each other's nest. Safeguard, MICV, and SAM-D are examples.

5. Although every organization needs two points of view, there are several adversary relationships in the process which hamper good decisionmaking—OSD vs. services; service vs. service; comptroller vs. planner; OMB vs. OSD; and military vs. civilian.

6. Weak contingency planning and lack of planning for feedback leaves the decisionmaker in a crisis when a change occurs.

7. Viable alternatives many times are eliminated too early, and by the time the issue gets to the decisionmaker only one good alternative remains, along with several unworkable ones. Another way used by poor staff personnel in DOD to get a parochial or unprepared position approved is to hold off the decision package until the last minute and then "blitz" the decisionmaker who has little or no time to evaluate it properly. The recent commissary issue is a good example.

8. The PPBS (JSPS) does not yet have a good way to integrate military judgment with quantifiable data. This will be even more critical with fewer military in OSD (disc ssed under staffing later).

Coordination

General comments:

1. Coordination is absolutely essential and the apparatus is available within DOD for it. Whether the system is used depends upon the individual staff chiefs, and if they stress it.

2. Coordination on the individual action officer level is pretty good. The higher you get in the organization the less coordinating there is. Specifically, coordination of programs between services and between OSD assistant secretaries is almost nonexistent on issues they have a deep interest in, and in which coordination might mean compromise.

Strengths:

1. Project managers coordinate well.

2. Middle manager action officers do pretty well on a personal effort basis.

Weaknesses:

1. Lack of time is a major detriment to good coordination.
Testifying before Congress, answering questions from several staff
agencies doing the same thing, committee meetings and short sus-
penses are all time robbers. Even before the three new congressional
committees, the OSD (ISA) staff spent 25% of its time preparing for
and testifying before Congress.

2. Laziness and parochialism stifle coordination. Too much
unnecessary paperwork is created due to asking questions rather
than getting answers by face-to-face or voice coordination. This
is compounded by managers who only coordinate with people who agree
with them, or even stovepipe the action without coordination at all.
The Deputy Secretary of Defense must be very careful of this with
his recent directive for Project Managers to submit progress reports
directly to him.

3. The coordination is particularly weak between military and
civilian personnel of different staffs and organizations.

4. The JSPS (as a part of PBBS) is the least coordinated of
any of the important items, and it should be the heart of the
organization. JCS is perceived to be the prime offender.

Technology

General comments:

1. The United States is the strongest nation technologically
in the world and must remain so. Under Secretary of the Army Norman
R. Augustine made the following comment in a recent article for the
Government Executive magazine:

As our Army celebrates its 200th birthday this
year, it is provocative to realize that a single
battalion of today's Army probably has more fire-
power than did George Washington's entire Army.
Materiel advances in the future promise to grow
at an even greater rate--to the benefit of those
who realize them and to the detriment of those
who fail to do so. The leverage superior materiel
gives one side on a battlefield should never be
underestimated.

Its influence is noticeable, and has often been
decisive, in warfare since the middle ages—for
example. Germany losing the battle of Britain
to brave men in a superior fighter plane and a
new development called radar; gallant Poles
dropping from their horses in futile attacks on
German armor; Japan reduced from defiance to
defeat by bewildering explosions over two of
her cities. The machine gun, the long bow,
the stirrup, the communications intercept
receiver, the tank—all took their toll of
unprepared adversaries.

2. Budgetary facts are that we cannot do everything in tech-
nology that is desired, so the current philosophy of highest priority
of funding to the technological base, next to product improvement,
and third to quantitative jumps in new equipment, is good. This is
amplified by other philosophy guidance which is: buy from the top
of your established priority list, live by your policies, finish
testing before production, allow for uncertainty, strive for com-
monality between services, use competition for a lower cost and
better product, and stress simplicity for a lower cost and lesser
support.

3. DOD must exhibit to Congress and the Executive Branch a
valid and convincing justification for materiel and personnel
requirements.

Strengths:

1. Decisionmakers are recognizing that technology is important and are giving dollars for it.

2. DOD continues to study and implement improved technology. Examples are organizational development, life cycle management (LCSMM), PERT, design to cost, staff reorganizations, TRACE, Project Managers, PPBS, OPMS, OR/SA, ADP, and satellites.

3. ADP potential is unlimited, and DOD is realistically using it to its maximum under a very mature recognition that it does not solve problems, but supplies information.

Weaknesses:

1. The R&D field is the worst for shadow staffing (to be discussed under "The Executive") and stovepiping. It is also noted for not wanting to scrub previously approved programs and the featherbedding syndrome. Longevity of civilians who have vested interests in programs is detrimental to making the hard decision stick. Examples are the attack helicopter, MICV, and Foreign vs. US buy (ROLAND).

2. There is too much service parochialism and lack of coordination--B-1A vs. aircraft carriers vs. line divisions.

3. Programs do not have adequate control and feedback checks to insure that they are effective once they are approved. The tendency is to forget the program and go to the next one. Much downstream fiscal irresponsibility could be controlled.

4. ADP still is not trusted. We are in the infancy of insuring that good assumptions and data go into a program, so that good solid

data comes out for decisionmakers. The field is wide open for
innovative means to portray information and provide follow-up data.

Regulations

General comments:

1. Regulations are not considered to be a significant factor
in decisionmaking. They are there; and they are followed. If
there is a major problem (like in reducing regular officer strength)
the regulation can probably be changed.

2. The Government Accounting Office (GAO) is the primary out-
side regulatory agent and the Inspector General (IG) the primary
inside agent. Both are essentially doing good work and help keep
the organization honest.

3. A general philosophy should be to not over-regulate. The
War Powers Act may be an example of a regulation being in too much
detail. Decisionmakers must have flexibility to act in a reasonable
and timely manner.

People

The Executive

General comments:

1. The chief executives—Secretaries of Defense, Army, Navy,
etc., and the Assistant Secretaries—are considered to be good men
who will make tough and good decisions. The same holds true for
the top military; however, the very next levels of the DOD corporate
management contains a high percentage of men who do not want to make
waves, are unduly concerned about job security, have vested personal
interest in specific programs, and are conservative in their thinking.

2. The better civilians as well as military sometimes let parochialism, ambition, and power affect their loyalty and work toward what is best for the organization and nation.

3. The personality and charisma of the key executives has more affect than their expertise.

Weaknesses:

1. Power seeking dishonest executives find ways to bypass or short-circuit the system. Shadow staffs are a good example of civilians with diffuse loyalties, little military experience, and who think their loyalties are higher than the delegated decision-maker. As soon as they see that a decision is made which is pre-judicious to their interests, they bypass or short-circuit the system. The fact is that they can just about make or break a program at any level.

2. The adversary relationship between the very top executives is many times detrimental, particularly when money decisions have to be made.

3. There is a tendency to look for quantifiable solutions since they can be justified better than judgmental ones.

4. There are not enough tough decisionmakers at staff level. Decisions by committee and compromise are becoming more prevalent. The committee approach is complicated by the tendency to centralize decisionmaking in a declining budget and the senior decisionmakers are not left the time to do all the things required of them.

5. Information is considered power, but yet most senior men do not trust computers due to the "garbage in" and realize that the

JSPS has been rationalized. This distrust fosters the disregarding of formalized information and opens the door to personalized gathering of information. Due to time constraints, travel constraints, political influence, and people short-circuiting the system, the information gleamed by the decisionmaker often is scanty and prejudiced, and the resulting decisions poor.

6. Too many decisions throughout the system are made on how they look to influential people and pressure groups. Base closures are a good example.

The Worker

General comments:

1. Paying attention to the military member is a major deficiency in OSD management. Members of the Armed Forces are treated only as numbers. Human behavior, job satisfaction, and people programs in general are seldom considered in OSD. The whole management system is built around materiel resource management and the dollar.

2. Since there are no specific staff functions for people programs, and since the planning element of PPBS is virtually nonexistent in this area, it would follow that few initiatives would be taken to transmit organizational values, goals and objectives to the worker.

Strengths:

1. At the service level, career management programs are producing a better, more professional worker.

2. Programs for drug, race, and women are progressive and being integrated with success.

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Staffing

General comments:

1. The military/civilian mix is critical. As suggested earlier the Secretariates could be eliminated. If so, civilian positions should be integrated into new positions on the service staffs, and the service staffs aligned in function with the OSD staff and made to fit the overall environment.

2. The trend in OSD is to eliminate key military positions. The substitution of three star assistant secretary positions with schedule "C" political appointees is unacceptable   The loss of experience provided by the military, plus the political motivations and short tenure of that level civilian, could only have a detrimental effect.

3. The size of the DOD and service staff should be kept small so that they do not become operators. They must be planners and allocators.

4. The tour of duty for military on both the DOD and service staffs should be three to four years. Civilians should either stay in touch with the organization or be in positions which do not require it.

Strengths:

1. The civilian/military mix on the service staffs is pretty good.

2. The officer and enlisted career management programs are beginning to get specialists into jobs requiring specialists.

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Weaknesses:

1. Because the JSPS is not used for day-to-day work, the background information is not generally understood by the staff when formulating recommendations and making decisions.

2. Staffs are not designed to interface with the environment well, either by mission or by expertise. As an example, only until recently has the Army had an experienced Comptroller.

3. The military/civilian mix in OSD is too heavily civilian, and will become worse if the deputy assistant secretaries are all converted.

4. Many staffs are still too large. OSD in general is too big, specifically the J5 and ISA. DCSOPS in the Army is too big.

5. Political appointees do not stay long enough to learn the system, and more importantly to be held accountable for programs they initiate. The military tour length should be at least three or four years for the same reasons. On the Army staff it is generally shorter than that. A secondary reason for tenure is to cut down on the shadow staffing by civilians.

6. Hiring practices must be watched. The selection process is very constrained. The Air Force is overly aggressive on getting retired Air Force personnel onto the OSD staff, as well as a high representation of active personnel.

Goals and Values

Policy Formulation

General comments:

1. Tied to planning, the value standards and directional goals of the Department of Defense are its weakest link. The values and goals are not communicated and perceived by the organization. Assuming that they could be clearly extracted from the posture statements to Congress, it appears that outside DOD is the only direction that they are really communicated. Within DOD they are set aside as "so much talk," and are replaced by what surfaces as the most important thing at the time.

Strengths:

1. The regulations by major headquarters describe well the responsibilities and coordinating practices to be used. Administrative documentation is solid.

Weaknesses:

1. DOD at the corporate level is too big. No one knows who is "steering the boat."

2. The values and goals are neither known, perceived, nor enforced by the organization. The result is a directionless, reactive venture which is open to poor decisions, fiscal irresponsibility, and devious methods to accomplish the mission.

Power Influence (Politics)

General comments:

1. As stated before, the budget is a political document as well as a management tool. In reality it is driving DOD.

2. Personal motivations and prejudices, plus broader national issues do materially influence DOD management. Examples are SALT,

MBFR, Volunteer forces, elections, base closures, and procurement
of high cost items due to industrial needs and location.

3. The politics of the adversary relationships mentioned
previously stifle good management.

Weaknesses:

1. Selective use of presenting alternatives to the decision-
maker, and in "blitzing" him at the last minute cause many uninten-
tional bad decisions.

2. Other undesirable political practices are:

a. The competition for dollars, for key positions in the
organization, for a voice in Congress, and for manpower.

b. The concern for how a program looks, stovepipes, feather-
bedding, scratching each other's backs, and the appointment of
cronies into key positions.

c. Instances such as Senator Muskie not passing the military
appropriations bill in order to make the system work; and Mr.
Kissinger using FMS as a political tool without coordinating the
impact beforehand.

3. Outside agencies getting bigger while OSD is cutting the
size of interfacing staffs. The new congressional budget staffs
are an example.

Power Influence (People)

General comments:

1. Powerful people do influence DOD decisionmaking and right-
fully so; however, many times they do so on short notice. DOD must
understand this and plan for it.

2. Congress is getting relatively stronger and the Executive weaker. There are strong and weak men in each who must be identified.

Strengths:

1. Many times it takes an outside personality to make a decision that the organization itself would not make. Commonality of aircraft between services is an example.

Weaknesses: Same as previously stated.

Power Influence (Congress)

General comments:

1. The Congress is younger, more predictable, better staffed, and more independent in its thinking. They prefer for the services, not OSD, to talk to them since they perceive the services know more honestly what they need, have more detailed information, and can be bargained with more.

2. Congressional interest is growing in the sense of getting into more detail about military programs. DOD must retain the flexibility to move funds around when required.

3. A majority view is that DOD should take a leading role in testifying before Congress on all issues which affect more than one service. Services should testify on the specifics of their programs, if required. OSD as the corporate head should be held accountable for testimony and the joint position.

4. The Congressional Budget and Impoundment Act of 1974 is causing growing pains and adjustments.

Strengths:

1. The DOD has a better relationship with Congress than most Federal Agencies due to better management.

Weaknesses:

1. The increasing size and number of staffs outside DOD asking questions, compared to the decreasing size of the DOD staff, is causing problems.

2. The Congressional Budget and Impoundment Act of 1974 is causing:

    a. more operational decisions being made by Congress on military programs;

    b. more work for OSD and services;

    c. loss of credibility due to time delay in getting answers;

    d. a need for close coordination between congressional committees and members; and

    e. a possible loss of protection to DOD from the HASC and the SASC.

Power Influence (OMB and Lobbies)

General comments:

1. It is a fact of life that DOD will have to adapt to the adversary nature of OMB and pressure group influence. This can work to both our advantage and disadvantage.

2. It is important to be honest and straightforward in regard to the presentation of the needs of the nation, in regard to

security, and to the organization, in regard to administrative requirements. DOD must stand up for what is required.

Strengths:

1. OMB and DOD have a fairly good working relationship.

2. Pressure groups can be used quite well in taking care of the soldier's benefits. They should be used more.

3. Industrial lobbies are more powerful than ever before.

Weaknesses:

1. OMB, due to a lack of knowledge, tends to treat the budget needs of DOD in purely dollar terms and not evaluate the basis for the requirements.

2. Pressure groups have a tendency greater than most of using methods which are illegal for gaining their purposes. All members of DOD must be watchful of this, both the programs they are in favor of, or are against.

Public Opinion

General comments:

1. Public opinion does not play as important a role in DOD decisionmaking as it did, or does, during wartime. The public attention is now focused elsewhere, and it is the job of DOD to do their job efficiently and honestly.

2. As in its interface with Congress, OSD should be the primary spokesman to the public and the media on all issues affecting more than one service. Services can provide information on their own issues so long as it does not have broader overtones. Close coordination is absolutely essential between OSD and the services, and between the services themselves in these matters.

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Weaknesses:

1. Public statements have not been well thought out or researched in many cases, nor has there been close coordination between services on how certain similar items are handled. The firing of senior officers is an example.

2. The military on occasion has been perceived as being inept in management due to cost overruns, etc.

3. The Marine Corps is still having trouble with its image in basic training. Practices which lead to system abuses must be more strongly controlled by OSD, and the press handled very factually and honestly. The abuse issue is also reflective of a lack of a meaningful value base.

CHAPTER V

HYPOTHESES AND RECOMMENDATIONS

SUMMARY STATEMENT

The Department of Defense strategic management process has been
analyzed against the background of management theory and within
the framework of its working environment. Particular attention
has been paid to the value structure, to managerial behavior, and
to the organizational designs which impact on the planning and
decisionmaking process. It has been pointed out that necessity
for change and adaptation are facts of life in the federal bureau-
cratic system. This requirement is nothing new, but the manner and
speed with which individual agencies have responded to the need have
varied considerably. The Department of Defense, traditionally one
of the largest and most complex of the federal agencies, has the
reputation of being the best managed. Although there are many
weaknesses and areas for improvement, it is important to remember
that DOD is a pioneer in the area of management innovation, that
internal analysis of organization structure and change is under
constant review, that DOD met well the first year demands of the
new Congressional Budget and Impoundment Act of 1974, and that the
innovations and techniques used in high-dollar materiel resource
management have proven very successful.

It should be noted, too, at this point that in any organization
as large as the Department of Defense there will be inefficiencies,

frustrations, requirements for change imposed which seem irrational,
and communications problems which will never be solved. This reali-
zation, however, does not free management from its responsibility
for continually striving to improve.

A general statement of the Department of Defense strategic
management process is that the budget is so important, all else
revolves around it, that programming and budgeting are tied together
fairly well and are improving, and that realistic, practiced plan-
ning is virtually nonexistent. Additionally, there is no articu-
lated value code, and the goals and major objectives which may or
may not be transmitted to Congress in posture statements are not
internalized downward within the Defense establishment. In sum-
mary, two important functions of top-level management, planning and
goal setting, appear to be substantially ineffective. The organiza-
tion is actually functioning on a short term basis with decisions
being made based on what will best serve the immediate requirement.
As Mintzberg tells us, this is not uncommon, except that in the
absence of a set of value standards, clear goals, and unified out-
year planning, the results are a fertile ground for inefficiency,
corruption, and low morale.[44] Corporate management becomes an
operator, and is caught in an activity trap which further precludes
planning--a vicious circle.

HYPOTHESES

In this context, the specific working hypotheses derived from
the data are outlined below following the same format as in Chapter IV.

Structure

1. The major deficiency in the strategic management process is
in the area of out-year planning. There are significant problems
in all facets. The top down authorship of JSPS documents and a
perception that budget and capability constraints are either con-
sciously or subconsciously applied before the threat is analyzed,
cause the required forces to be determined using unrealistic risk
assessments. The lack of coordination in the preparation of the
documents, and the limited distribution due to security classifica-
tion result in few members of the internal OSD and service staffs
either reading the documents or using them in their day-to-day
decisionmaking. Tied into these problems is a lack of contingency
planning in the area of force structuring and materiel resource
allocation should logic or budget necessitate a change.

2. OSD deals primarily in materiel resource management. There
is too little staff activity dealing with goal setting in people
programs.

3. There is more than one level in DOD acting in the corporate
management role; specifically OSD and the separate services. This
is not necessarily improper. However, OSD and even the services
are too deeply involved in operational decisions, too little
involved in planning and analyzing what the organization is doing,
and too duplicatory in functions such as environmental interface.
There is also considerable internal parallelism of responsibility
and activity.

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4. The informal structure has a very significant influence on decisionmaking. This is neither unusual nor bad. There are bad features, however, which are hurting the process. Shadow staffing, pigeonholing of actions, overuse of committees, and stovepiping are a few examples.

5. The budget cycle is too long for the dynamic environment in which we live. Certain sequences are too long, and certain too short. DOD just cannot change fast enough under these conditions.

6. The PPBS philosophy should remain as the Department of Defense management framework.

People

1. Parochialism is very strong in both staff and line. There is need for competition and dissenting views; however, the adversary role between services, between OSD and the services, between the military and the civilian, and between the budget analyst and planner is too great for rational management.

2. There are not enough tough decisionmakers at the Assistant Secretary, Deputy Assistant Secretary, and staff section chief level; and, in general, their guidacne is weak. Due to this scarcity of tough decisionmakers, too many minor decisions are pushed upward and viable alternatives eliminated, resulting in the good decision-maker seeing one viable alternative and several weak ones. The situation is further complicated by too much paperwork which takes time, fogs issues, delays decisions, and keeps important things from being done.

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3. Civilian control in OSD is essential; however, the military/
civilian mix is swinging too far toward the civilian.

Goals and Values

1. A second major deficiency in DOD management is that there
is neither an institutionalized code of ethics or value base, nor
a set of long-range goals which are understood and used to "guide
the ship" in everyday operations and planning.

2. There are many policy decisions imposed upon DOD from higher
authority. Too many of these are political in nature and made
without the impact on the organization being fully recognized.

3. The services want to remain autonomous in many more areas
than effective management would logically permit. Congress, for
one, is accustomed to working with the services and basically
wants to continue to do so. DOD for the most part is willing to
permit this relationship.

RECOMMENDATIONS

Reflecting back to a previous quote from Peter Drucker will
focus the genesis of thought on where the Department of Defense
needs to work in its continuing efforts to improve strategic
management. Drucker reminds us that, "the test of a healthy
organization is not the beauty, clarity, or perfection of its
organization structure. It is the performance of people." At
the heart of many of the hypotheses arrived at during this study
is the performance of people--what values underline their thoughts,
how well they share information, how well they set priorities on

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issues and time, whether or not self-seeking ambitions override the good of the organization, and whether or not they are willing to be held accountable for their actions.

At the chief executive level of the Office of the Secretary of Defense and in each of the services, time and effort must be set aside for evaluating where it is that the boat is going, and what basic course it is to follow; all the time remembering that it takes people to steer and operate the boat. Who these people are, how well they are trained, and how effectively they work together determines if, when, and in what condition the boat reaches its distant port.

Specific recommendations for further study are:

Structure

1. Create a specific staff element on the OSD and service staffs with the sole purpose of long range planning. Planning must become a viable portion of the PPB system and must be oriented toward establishing goals for all aspects of organizational endeavor, not just materiel resource management and war planning.

2. Eliminate the Service Secretaries and realign the staffs as follows:

a. OSD--Retain the civilian Secretary, Deputy Secretary, and Assistant Secretaries of Defense. Have a General Officer Deputy to each Assistant Secretary. Maintain the Joint Staff, however, at a low level sufficient for the JSPS function. Provide for better coordination between the Joint Staff and the OSD staff in the JSPS.

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b. Services--Retain the Service Chief, Vice Chief, and Deputy Chiefs as military. Add a second Vice Chief (names could be changed) who would be a civilian, and a civilian second in charge to each Deputy Chief. The military Vice Chief would be a Director of the Army Staff. The civilian Vice Chief would be the second in command to the Chief.

3. The OSD staff should concentrate more on the big picture. Their specific forces should include primarily interface with the environment on matters requiring a unified DOD position and which require input into the overall DOD goals and objectives. Decision-making, likewise, should be limited to major directional matters and high dollar programs. Services must be given the guidance, delegated the authority, and held responsible for setting more detailed objectives and providing input into the OSD planning process. Staff agencies should be better aligned so as to provide proper interface with the environment, and to carry out the internal functions of the establishment. Goal setting should include people management as well as materiel management.

4. The Service Staffs should also be essentially "direction setters." They should be kept relatively small so that they will not become operators. Their primary function should be to arrive at, disseminate, and control objectives which carry out the Service portion of the Defense function. The Service staff should parallel the OSD staff so that information will flow freely. They should also provide for environmental interface on functions affecting only one service, and for internal management functions, as required.

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5. The whole JSPS should be revised to include shorter cycles, more financial contingency planning, publishing of some documents less frequently so that more time can be spent on close-in rational decisionmaking, more user input into planning which results in a more legitimate document, and a much more closely coordinated process.

People

The Secretary and Under Secretary of Defense should take on as personal projects getting involved in people programs, eliminating detrimental adversary relationships, eliminating inept personnel from key positions, and ensuring that he staff is balanced so that the proper mix of institutional memory and current field experience is maintained. They should reflect on Drucker's statement that, "The test of a healthy organization is not the beauty, clarity, c perfection of its organizational structure. It is the performance of its people."

Goals and Values

1. Establish a firm set of value standards. They need not be long and detailed, but they must be communicated throughout the organization and receive sufficient command attention so as to be understood and used by all members--both military and civilian.

2. As outlined under "Structure" above, creat- a specific staff element with the purpose of planning and assisting the top executives in their direction setting responsibilities.

FOOTNOTES

1. Speech by the Honorable James R. Schlesinger, Secretary of Defense, at farewell ceremony, Pentagon, November 10, 1975.

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5. F. E. Kast and J. E. Rosenzweig, Organization and Management: A Systems Approach (New York: McGraw-Hill, 1970), p. 510.

6. Ibid., p. 51.

7. Ibid., p. 96.

S. Ibid., p. 136.

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APPENDIX A

ABBREVIATIONS

ABBREVIATIONS

ADP	Automatic Data Processing
DPPG	Defense Policy and Planning Guidance
DOD	Department of Defense
FYDP	Five Year Defense Plan
JCS	Joint Chiefs of Staff
JFM	Joint Force Memorandum
JIEP	Joint Intelligence Estimate for Planning
JLREID	Joint Long Range Estimative Intelligence Document
JLRSS	Joint Long Range Strategic Study
JRDOD	Joint Research and Developments Objectives and Document
JSCP	Joint Strategic Capabilities Plan
JSOP	Joint Strategic Objectives Plan
JSPS	Joint Strategic Planning System
MBO	Management by Objective
NSC	National Security Council
NSDM	National Security Decision Memorandum
OSD	Office of the Secretary of Defense
OR/SA	Operations Research/Systems Analysis
PPBS	Planning, Programming, Budgeting System
PPGM	Planning and Programming Guidance Memorandum
PBD	Program Budget Decision
PDM	Program Decision Memorandum
POM	Program Objective Memorandum
R&D	Research and Development
TPPGM	Tentative Planning and Program Guidance Memorandum
TPFDL	Time Phased Force Deployment List

APPENDIX B

ORGANIZATIONAL STRUCTURE DESIGNS
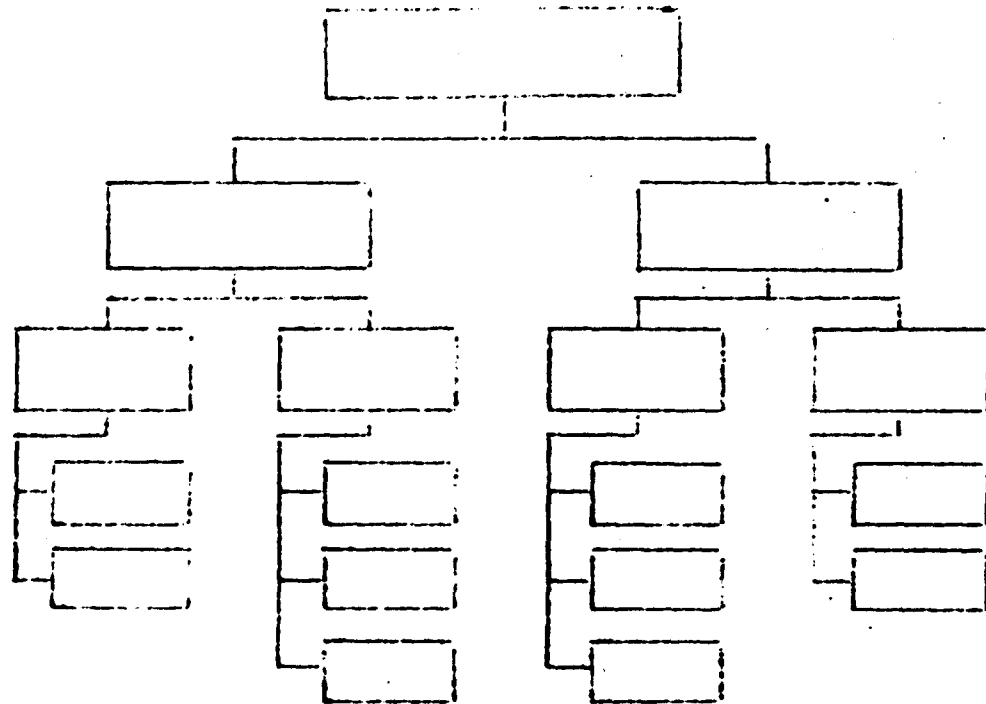
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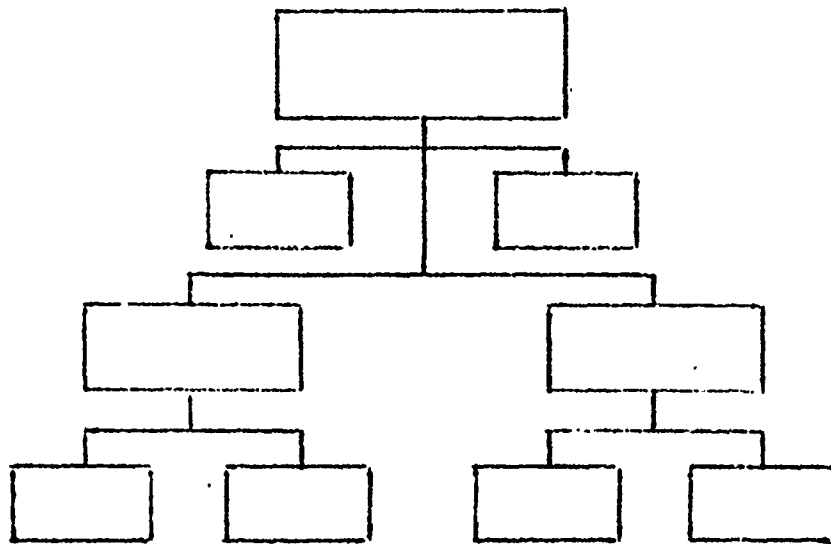
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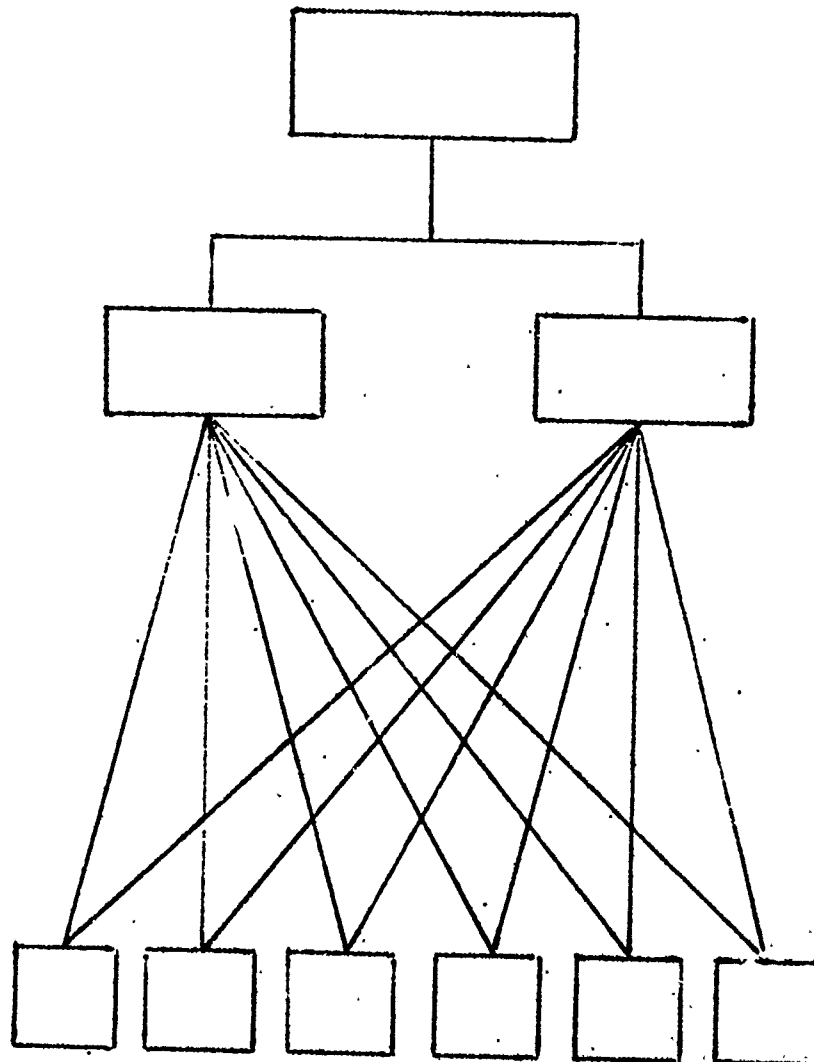
APPENDIX C

PPBS OPERATING CYCLES

PPBS IN CY 1975

FY 1976

FY 1977

FY 1978

PRES BUDGET

AUTHORIZATION
APPROPRIATION
APPORTIONMENT

BUDGET EXECUTION

PPGM

JFM

SVC POM

ISSUE PAPERS

PDM

BUDGET ESTIMATE

PBD

NSDM

NSSM

VOL I

JSOP

TPPGM DPPG

VOL II

JSOP

| JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |

APPENDIX D

JOINT STRATEGIC PLANNING SYSTFM

JOINT STRATEGIC PLANNING SYSTEM

The JCS are charged with certain planning responsibilities which are discharged by the promulgation of seven documents:

JIEP--Joint Intelligence Estimate for Planning

JLREID--Joint Long Range Estimative Intelligence Document

JLRSS--Joint Long Range Strategic Study

JSOP--Joint Strategic Objective Plan

JFM--Joint Force Memorandum

JSCP--Joint Strategic Capabilities Plan

JRDOD--Joint Research and Development Objectives Document.

These documents represent planning in three areas: strategy (JLRSS, JSOP, JFM, JSCP); intelligence (JIEP, JLREID) and research and development (JRDOD). The time frames they cover and their interrelationships are shown below:

JSPS DOCUMENT INTERRELATIONSHIPS

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APPENDIX E

DEPARTMENT OF DEFENSE ORGANIZATION

SECRETARY OF DEFENSE

DEPUTY SECRETARY OF DEFENSE

ARMED FORCES POLICY COUNCIL

JOINT CHIEFS OF STAFF
CHAIRMAN, JOINT CHIEFS OF STAFF
CHIEF OF STAFF, ARMY
CHIEF OF NAVAL OPERATIONS
CHIEF OF STAFF, AIR FORCE
COMMANDANT MARINE CORPS

DEPARTMENT OF THE ARMY
SECRETARY OF THE ARMY
UNDER SECRETARY AND ASSISTANT SECRETARIES OF THE ARMY
CHIEF OF STAFF, ARMY

DEPARTMENT OF THE NAVY
SECRETARY OF THE NAVY
UNDER SECRETARY AND ASSISTANT SECRETARIES OF THE NAVY
CHIEF OF NAVAL OPERATIONS
COMMANDANT OF MARINE CORPS

DEPARTMENT OF THE AIR FORCE
SECRETARY OF THE AIR FORCE
UNDER SECRETARY AND ASSISTANT SECRETARIES OF THE AIR FORCE
CHIEF OF STAFF, AIR FORCE

DEFENSE COMMUNICATIONS AGENCY
DEFENSE INTELLIGENCE AGENCY
DEFENSE MAPPING AGENCY
DEFENSE NUCLEAR AGENCY
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY
DEFENSE INVESTIGATIVE SERVICE
DEFENSE CIVIL PREPAREDNESS AGENCY
DEFENSE SECURITY ASSISTANCE AGENCY
DEFENSE CONTRACT AUDIT AGENCY
DEFENSE SUPPLY AGENCY

NATIONAL SECURITY AGENCY

Assistant Secretary of Defense (Comptroller)
Assistant Secretary of Defense (Manpower and Reserve Affairs)
Assistant Secretary of Defense (Installations and Logistics)
Assistant Secretary of Defense (Intelligence)
Assistant Secretary of Defense (International Security Affairs)
Assistant Secretary of Defense (Systems Analysis)
Assistant Secretary of Defense (Program Analysis and Evaluation)
Assistant Secretary of Defense (Public Affairs)
General Counsel of the Department of Defense

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APPENDIX F

PLANNING, PROGRAMMING, BUDGETING INTERFACE

| | JUN | OCT | DEC | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | JAN | MAR | FEB |

EXECUTIVE LEVEL — NATIONAL SECURITY — PRESIDENT'S BUDGET — AUTHORIZATION AND APPROPRIATION PROCESS

SECRETARY OF DEFENSE — STUDY MEMOS — DECISION MEMOS — DEFENSE POLICY — TENTATIVE PROGRAM — PLANNING GUIDANCE MEMOS — PLANNING & PROGRAMMING GUIDANCE MEMO — ISSUE PAPERS — PROGRAM DECISION MEMOS — PROGRAM BUDGET DECISIONS

JOINT CHIEFS OF STAFF — JSOP I, II — REVIEW & — JSOP II — JOINT FORCE MEMO — REVIEW & COMMENT — REVIEW & COMMENT

SERVICES — COMMENT — PROGRAM OBJECTIVE MEMOS — BUDGET ESTIMATES — APPORTIONMENT AND BUDGET EXECUTION

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APPENDIX G

BUDGET PROCESS--NEW STYLE

BUDGET PROCESS — NEW STYLE

| OCTOBER — DECEMBER | JANUARY — JUNE | JULY — SEPTEMBER | OCT — SEPT THE BUDGET YEAR |

CONGRESS

PRESIDENT & OMB

DOD

AUTHORIZATIONS

CBO REPORT

FIRST BUDGET RESOLUTION

APPROPRIATIONS

SECOND BUDGET RESOLUTION

RECONCILIATION PROCESS

APPROPRIATIONS CHANGES, IF ANY

APPORTIONMENT

BUDGET EXECUTION

BUDGET ESTIMATES

CURRENT SERVICES BUDGET

PRESIDENTS BUDGET

APPENDIX H

SURVEY QUESTIONNAIRE

TARGET GROUP

QUESTIONNAIRE AND INTERVIEW

SOURCE	NAME	BRANCH OF SERVICE	EXPERIENCE	TIME FRAME
1	LTC James Broome	Artillery	DCS Operations, DA	74-75
2	COL Charles Schmidt	Military Intelligence	Asst Sec Defense (Intelligence)	74-75
3	LTC William Tuttle	Transportation	Chief Staff, Army	70-72
4	LTC Donald Pihl	Armor	Vice Chief Staff, Army Military Asst to Secretary of the Army	70-71 70-73
5	LTC William Weihl	Armor	Vice Chief Staff, Army Asst Sec Defense (MR&A)	70-73 74-75
6	COL Robert Delaney	Artillery	DCS Personnel, DA Military Secretary, J6, OJCS	68-71 74-75
7	COL Robert Roberge	Engineer	Nuclear Div, J5, OJCS	72-75
8	LTC Raymond Allred	Finance	Comptroller of the Army	69-71
9	LTC Raymond Macedonia	Adjutant General	Studies, Analysis, & Gaming Agency, OJCS	71-75
10	LTC Winfield Frank	Transportation	Management Directorate, Chief Staff, Army	73-75
11	COL Luther Lloyd	Armor	J3, OJCS	73-75

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SOURCE	NAME	BRANCH OF SERVICE	EXPERIENCE	TIME FRAME
12	LTC Robert Chapman	Artillery	Asst Sec Def (Systems Analysis)	68-71
			Chief Staff, Army (PA&E)	74-75
13	LTC Donald Infante	Air Defense	DCS Operations, DA	70-71
			Asst Sec Def (Systems Analysis)	71-73
14	LTC John Patten	Artillery	DCS Operations, DA	72-74
			J3, OJCS	74-75
15	COL Billy Peters	Finance	Chief Staff, Army (PA&E)	72-75
16	COL Donald English	Infantry	DCS Operations, DA	70-73
			J5, OJCS	73-75
17	COL John Pappageorge	Infantry	DCS Personnel, DA	68-69
			Asst Sec Army (MR&A)	69-71
18	LTC Thomas Lightner	Artillery	Congressional Actions Officer,	73-75
			Chief Staff, Army	
19	COL Peter Dawkins	Infantry	Modern Volunteer Army Office, DA	71-72
			White House Fellow	73-74
			Mil Asst, Deputy Sec of Defense	74-75

INTERVIEW ONLY

N/A	LTC Buddy Beck	Air Defense	Secr Joint Staff, OJCS	73-75
N/A	LTC Robert Gabrielli	Artillery	Chief Staff, Army	74-75
N/A	LTC Curtis Hoglan	Artillery	Chief Legislative Liaison,	74-75
			Sec of Army	
N/A	LTC James Ferguson	Artillery	Vice Chief Staff, Army	71-73

QUESTIONNAIRE

The attached questions are designed to assist in forming and validating ideas to be used in my combined masters paper for Penn State and individual research project for the AFC. My goal will be to analyze the strategic (top level) management process within the Department of Defense. Primary emphasis will be on planning and decisionmaking, and little on management control. My feeling now is that we must continue to have a formalized process to follow in order to arrive at logical, cost-effective decisions. Specifically, I will examine the present Planning, Programming, Budgeting System (PPBS), as supported by the Joint Strategic Planning System (JSPS), to see if it serves the purpose. I am led to believe that there are environmental and personality considerations which play a major role in making decisions and guiding operating policies that are not a part of PPBS. If your replies, and my other research, substantiate this belief, then my focus will be to see if these considerations can be incorporated into the PPB process, or what portions of the process may be just plain unnecessary or counterproductive.

I have asked you to help me based on your previous assignment within the strategic management process. I am looking for candid opinions, examples, and recommendations. The time you spend will be very much appreciated. I expect, too, that the results could require a follow-up personal discussion, if you are willing.

Again, thank you! Return to me in Room A303 or Box 76 as soon as you are finished.

If you have no knowledge or opinion on a question, please go on to the next one.

GARY P. GRAVES

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1. What was the nature of your duties within the Department of Defense management system? Period of time?

2. Is the current method of staffing the Department of Defense adequate; i.e., political appointee, civilian/military mix, size of the staff, length of tour, etc? Elaborate briefly.

3. Can one individual's personality and ideas make a significant difference in management decisions? As an example—the Secretary of Defense or principal staff member? Which ones? List examples.

4. Who actually makes decisions in the Department of Defense? Based on what? Is decentralization spelled out well enough so that each decisionmaker knows his authority?

5. Are top level decisionmakers presented with an adequate number of alternatives, or are alternatives fairly well decisioned out at lower levels? If at a lower level, where are the viable alternatives eliminated?

6. Listed below are several environmental factors which influence decisionmaking. Please circle the number which reflects how you view their importance. Give examples in the space below each factor.

	Insignificant	Some	Routine	Above Average	Highly Significant
Budget	1	2	3	4	5
Technology	1	2	3	4	5
Politics	1	2	3	4	5
The Formal System (PPBS)	1	2	3	4	5
Government Regulations	1	2	3	4	5
Organizational Structure	1	2	3	4	5
Powerful People (President, Sec of St., etc.)	1	2	3	4	5
Pressure Groups	1	2	3	4	5
OR/SA	1	2	3	4	5
Public Opinion	1	2	3	4	5

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7. PPBS, as an institutional management system, has been discontinued in many of the agencies who adopted it in the 60's due to employee hostility, lack of flexibility, excessive time to administer, and non-use. Does it continue to meet Department of Defense needs? Has it ever met the needs?

What are the strengths of the current system?

What are the weaknesses of the current system?

Could you suggest a better system? Explain.

8. In the area of Legislative Liaison and Public Information, do you feel it is logical or appropriate for Department of Defense to be the primary actor in the external arena in lieu of the individual services? Why?

9. General Johnson stated that there were eight staffs in the Pentagon. Does the system provide for proper coordination? In your opinion what coordinating measures are most effective? Least effective?

10. What do you think the impact of the Congressional Budget and Impoundment Act of 1974 will be on the Department of Defense? Individual services? What problems do you anticipate?

11. What are the weaknesses in our strategic management decision-making in the face of a declining budget?

12. What other ideas or thoughts do you have regarding the adequacy of the strategic management process in the Department of Defense, or to the quality of the decisions which it produces?

13. Could you recommend the name and duty position of a person or persons who currently work in the Department of Defense with whom I could discuss the management process.

Thanks!